Sustainable Resource Development

Annual Report 2006-2007

Alberta

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PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 ministries.

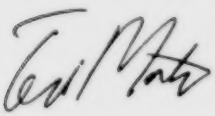
The annual report of the Government of Alberta released June 21, 2007, contains the Minister of Finance's accountability statement and the consolidated financial statements of the province. The *Measuring Up* report released June 28, 2007, provides a comparison of the actual performance results to the desired results set out in the government's business plan.

This annual report of the Ministry of Sustainable Resource Development contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Sustainable Resource Development, regulated funds, and provincial agencies for which the Minister is responsible**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2007, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 4, 2007 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Ted Morton

Minister of Sustainable Resource Development

Minister's Message

"... this Ministry made significant progress on several priorities in the last fiscal year and is well positioned to take further action in the year ahead."

I am pleased to provide Sustainable Resource Development's annual report for 2006-07, which documents the Ministry's management of Alberta's public lands, forests, and fish and wildlife resources for the enjoyment of current and future generations.

When I became Minister of Sustainable Resource Development last December, I was given three specific priorities by Premier Ed Stelmach: complete the Land-use Framework to address conflicts over competing use of land and provide a vision for an integrated and sustainable land-use approach; implement an aggressive strategy to protect the health of Alberta's forests; and develop a biodiversity strategy to conserve the biological diversity of this great province.

I am happy to report that this Ministry made significant progress on several priorities in the last fiscal year and is well-positioned to take further action in the year ahead. Progress on meeting the challenge of better managing growth pressures on the land was achieved in 2006-07 by the continued development of a provincial Land-use Framework to help guide overall land-use planning and decision-making in Alberta. This has been our top priority in 2006-07.

The Ministry took aggressive actions to protect forest health by strengthening efforts to manage mountain pine beetle infestations in Alberta's pine forests. A massive and unprecedented flight of beetles last summer from British Columbia significantly increased the number of beetle-attacked pine trees in Alberta from 19,000 to over 3 million. We continued to work with our stakeholders to limit and manage the impact of the mountain pine beetle. Activities ranged from cutting and burning individual infested trees to harvesting stands of susceptible pine trees before they became infested. Other important beetle initiatives included a Mountain Pine Beetle Summit and the creation of the Mountain Pine Beetle Advisory Committee of stakeholders.

In the 2006 fire season, Sustainable Resource Development fought 1,954 wildfires covering 118,785 hectares. The number of wildfires was 50 per cent higher than the 10-year provincial average, while the number of hectares burned was 40 per cent lower than the 10-year average.

We continued to develop the Alberta Biodiversity Strategy to improve environmental and resource management. We worked with the federal government and Alberta's forest and energy sectors to

continue design and testing of a world-class biodiversity monitoring program that, when implemented, will allow us to assess status and trends throughout Alberta. The program will support improved natural resource decision-making, balancing development with environmental priorities.

In addition to the three priorities outlined by the Premier, Sustainable Resource Development dealt with a number of other important issues. Efforts continued to manage competing recreational uses of land, including informing Albertans about the impacts of humans and vehicles on the outdoors. A new access management plan was developed for the Ghost-Waiparous area west of Calgary. This plan focused on providing a variety of recreational opportunities, while reducing impacts on natural resources and conflicts among users.

The Ministry launched the Alberta BearSmart Program to inform Albertans about ways to reduce the number of bear-human encounters in the province, as well as to help conserve black and grizzly bear populations.

We developed the Fish Conservation Strategy for Alberta 2006-10, which provides the framework for managing and conserving provincial fisheries over the next five years. Developed with input from stakeholders—including nearly 400 Albertans who participated in an online survey—the strategy outlines approaches to ensure the province's fisheries remain sustainable.

Nearly 105,000 hunters enjoyed a wide range of game-hunting opportunities in the province in 2006-07. This is a record for the last nine years and an increase of more than 5,000 (including an increase of nearly 200 youth hunters), compared to the previous year. A record was also set for the number of draw applications in 2006-07, with approximately 213,000 applications received, representing an increase of 8,000 over 2005-06.

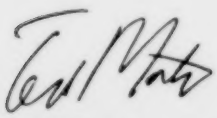
We were very pleased when the Hinton Training Centre received the bronze Canada Award for Excellence from the National Quality Institute in recognition of the centre's series of fire-management training CDs, its wildfire-management training simulator, and high client-satisfaction rate. The centre also received a bronze award from the Alberta government's Premier's Award of Excellence Program.

Canada and the United States entered into the Softwood Lumber Agreement on October 12, 2006. This agreement, while settling the litigation that was ongoing at the time, has introduced export measures that constrain Alberta's forest sector shipments of softwood lumber to the United States. The agreement also saw more than

$4 billion dollars of duties collected by the United States during the dispute refunded to Canadian lumber exporters. It is estimated that exporters of lumber originating in Alberta received approximately eight to nine per cent of this total or approximately $350 million.

Three new leaders were appointed to three boards operating under Sustainable Resource Development. A new chair and a new chief executive officer were appointed to the Natural Resources Conservation Board. A new chair was also named to the Surface Rights Board and Land Compensation Board. All appointments followed open competitions. New leadership for the boards will revitalize their direction and focus.

I invite you to review the full accounting of these and other efforts to manage our public lands and resources contained in the pages of this annual report.



Ted Morton
Minister of Sustainable Resource Development

Management's Responsibility for Reporting

The Ministry of Sustainable Resource Development includes the Department of Sustainable Resource Development, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board, and the Environmental Protection and Enhancement Fund.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Sustainable Resource Development. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the province under Ministry administration,

- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Sustainable Resource Development with any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

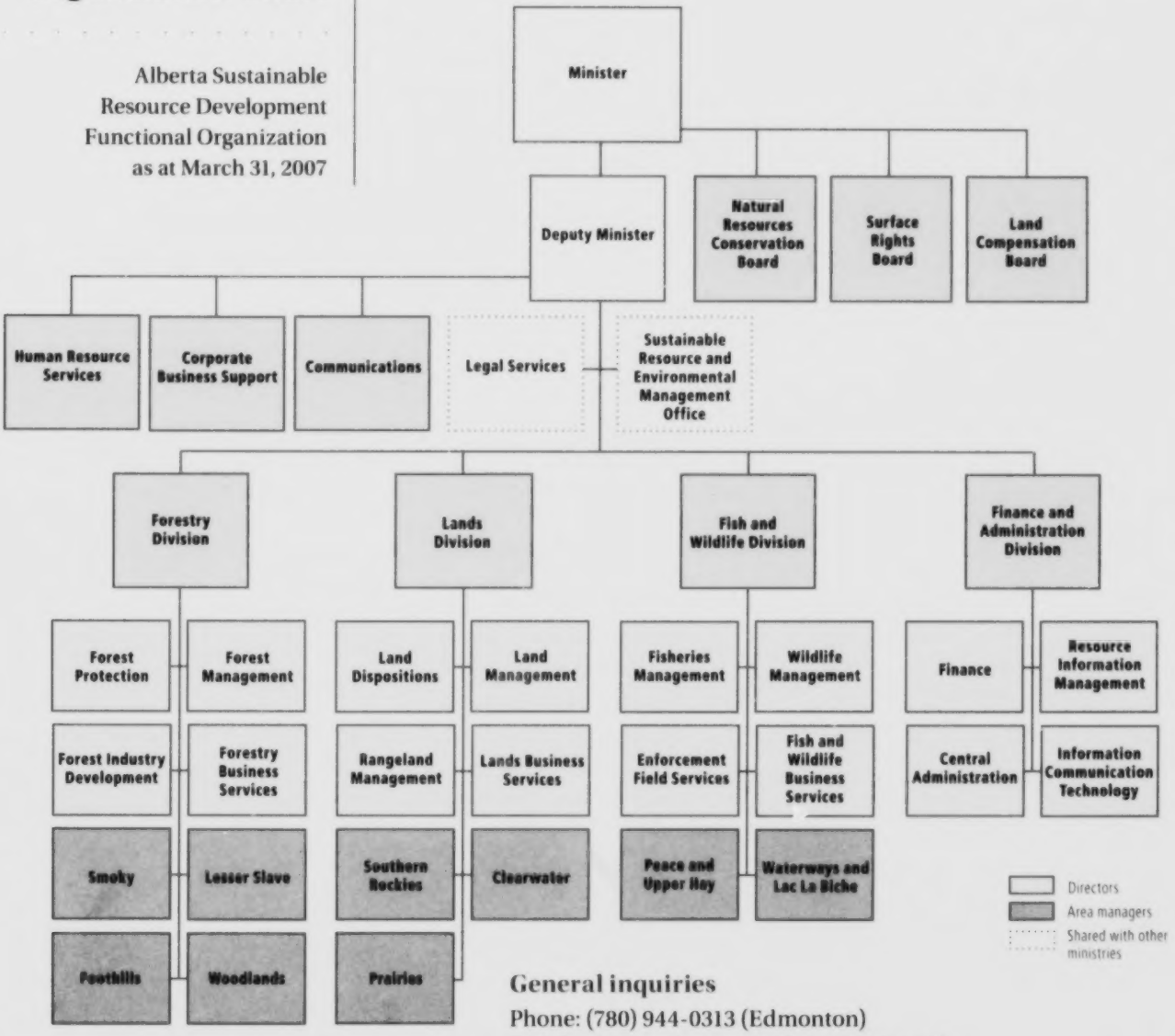
In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives of the individual entities within the Ministry.

Brad Pickering
Deputy Minister
September 4, 2007

OVERVIEW

Organization Chart

Alberta Sustainable Resource Development Functional Organization as at March 31, 2007



General inquiries

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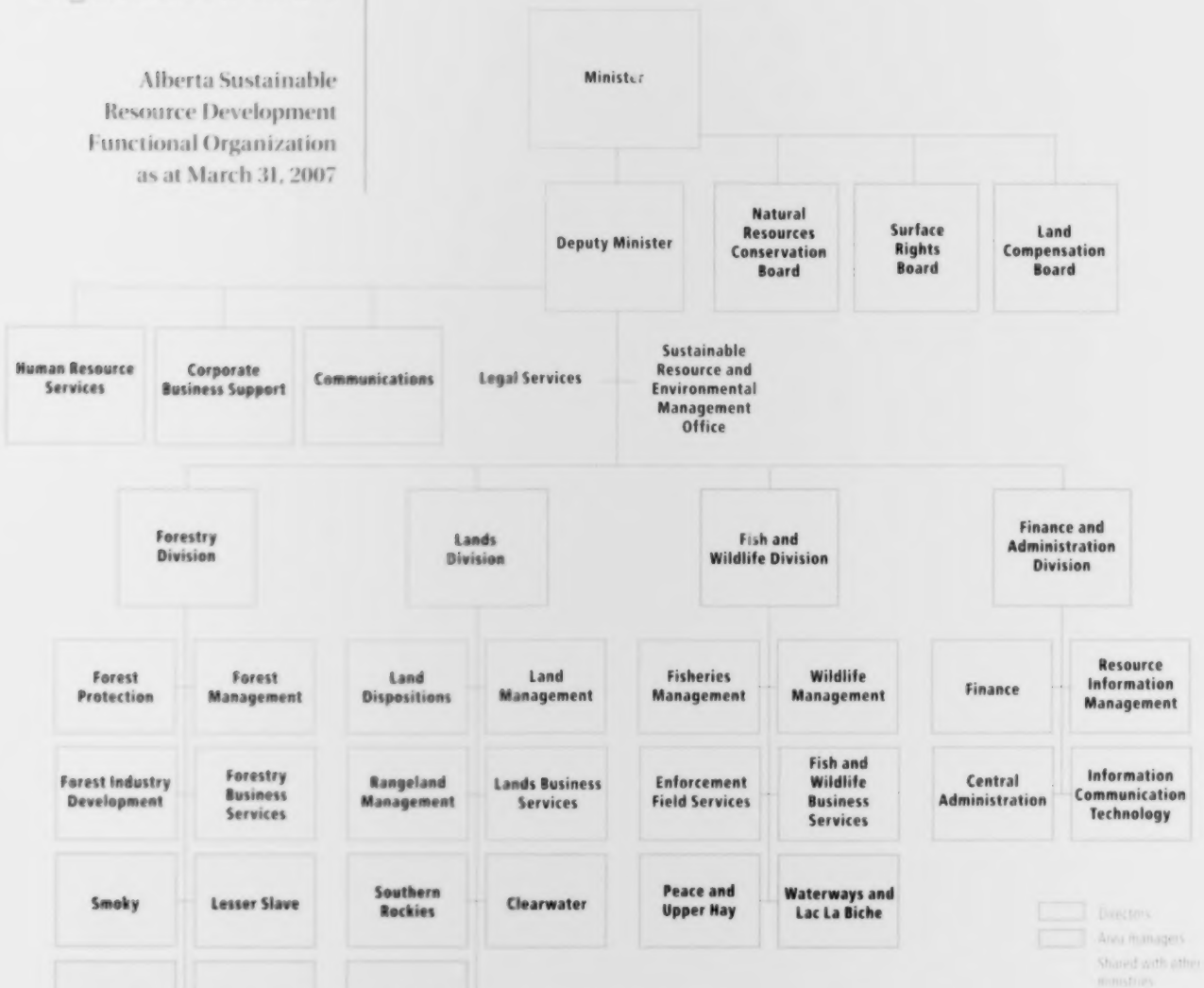
Fax: (780) 427-4407
E-mail: srd-infocent@gov.ab.ca **Website: www.srd.alberta.ca**

Organization Chart

Alberta Sustainable Resource Development Functional Organization as at March 31, 2007



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The Ministry of Sustainable Resource Development

The Ministry of Sustainable Resource Development consists of the Department of Sustainable Resource Development, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board and the Environmental Protection and Enhancement Fund. The Ministry has also delegated administration for certain legislative responsibilities to three delegated administrative organizations: the Alberta Conservation Association, the Forest Resource Improvement Association of Alberta, and the Alberta Professional Outfitters Society.

The Department

The Department of Sustainable Resource Development has three main operating divisions: Fish and Wildlife, Forestry, and Lands. Support for these divisions is provided by Communications, Corporate Business Support, Finance and Administration, Human Resource Services, Legal Services, and the Sustainable Resource and Environmental Management (SREM) Office.

Fish and Wildlife Division

The Fish and Wildlife Division ensures that Alberta's wild species are managed and used in a manner that optimizes the environmental, social and economic benefits Albertans receive from these resources, while ensuring they are sustained for future generations. It is also responsible for delivering integrated operational programs and management decisions in two regional areas: Peace/Upper Hay and Lac La Biche/Waterways. Key areas of focus include:

- Managing fish and wildlife populations for domestic, recreational and commercial uses, through a process involving assessment, planning and allocation.
- Managing protected species and species at risk through assessment, planning and implementing recovery actions.
- Working with land managers to manage and conserve wildlife habitat.
- Ensuring a clear and effective policy and legislative framework for managing wild species.
- Maintaining high levels of compliance with fish and wildlife legislation through education, prevention and enforcement programs.
- Minimizing human-wildlife conflicts by providing assistance and information to landowners and the public.
- Minimizing threats from fish and wildlife diseases and invasive alien species.

Programs to manage Alberta's fish and wildlife are delivered through four branches: Wildlife Management, Fisheries Management, Enforcement-Field Services and Business Services.

Forestry Division

The Forestry Division manages and protects Alberta's forest resource through effective wildfire management, sustainable forest management practices, forest industry development and forest health activities. It is also responsible for delivering integrated operational programs and management decisions in four regional areas: Woodlands, Foothills, Smoky, and Lesser Slave. Key areas of focus include:

- Preventing and suppressing wildfire, and delivering FireSmart programs.
- Conducting mountain pine beetle management activities.
- Ensuring forest management and health plans are in place and followed, auditing timber production and reforestation, collecting revenue, and allocating forest tenure.
- Managing long-term, strategic forestry initiatives such as the forest industry competitiveness project, timber royalty program, forest product market intelligence analysis, value-added program, and forest management research.
- Delivering training and safety programs offered through the Hinton Training Centre.
- Ensuring effective and efficient legislation, policy and procedures.

Programs to manage Alberta's forests are delivered through four branches: Forest Protection, Forest Management, Forest Industry Development and Business Services.

Lands Division

The Lands Division manages the use of Alberta's public land to reduce land-user conflicts and balance social and ecological needs. The division is also responsible for delivering integrated operational programs and management decisions in three regional areas: Southern Rockies, Clearwater, and Prairies. Key areas of focus include:

- Managing the use of all public land in the province to support diverse interests including public recreation, agriculture, commercial tourism, geophysical exploration, and aggregate (gravel) extraction, as well as oil, gas, coal, and oil sands development.
- Issuing land-use dispositions (approvals to use Alberta's public land), regulating geophysical activities, maintaining disposition conditions and collecting revenue.
- Allocating and managing rangeland resources and maintaining sustainable grazing on public agricultural land.
- Managing, reducing and reclaiming the physical disturbances that industrial and recreational users cause on public land.
- Developing and implementing appropriate public land policies, procedures, guidelines and operational land-use plans.

Programs to manage Alberta's public land are delivered through four branches: Land Management, Rangeland Management, Land Dispositions and Business Services.

Sustainable Resource and Environmental Management Office

This is a cross-ministry office that was established in the fall of 2005 to support the ministries of Energy, Environment and Sustainable Resource Development. All three ministries share accountability for implementing Sustainable Resource and Environmental Management (SREM) practices for the Government of Alberta. The ministries are committed to strengthening the ways they work together by integrating policy, aligning and sharing information, and streamlining regulatory processes. Specific initiatives include developing a provincial Land-use Framework, consulting with Albertans on oil-sands development, integrating government activities of the upstream oil and gas process, and aligning a variety of information systems to enable better information-sharing to support decisions regarding natural resources and the environment.

Support Services

Staff from specialized areas including Communications, Corporate Business Support, Finance and Administration, Human Resource Services, and Legal Services support the three main operating divisions in achieving their business plan goals.

Other Ministry Entities

Quasi-judicial Boards

The Ministry's three quasi-judicial boards make their decisions independently, in accordance with their own governing legislation:

The Natural Resources Conservation Board conducts independent public reviews of major, non-energy, natural-resource projects and also regulates Alberta's confined feeding operations.

The Surface Rights Board conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately-owned lands or occupied public lands.

The Land Compensation Board establishes compensation when private land is expropriated by a public authority for projects in the public interest.

The Environmental Protection and Enhancement Fund

This fund is used for environmental emergencies and environmental protection or enhancement. Sustainable Resource Development contributes to the fund's revenues primarily through timber royalties and fees. The Ministry draws from the fund's Natural Resources Emergency Program to cover firefighting expenditures, forest health initiatives, and intercept feeding and fencing programs (to protect agricultural property from damage caused by wildlife).

Vision

Alberta's lands, forests, fish and wildlife benefit present and future Albertans.

Mission

Sustainable Resource Development encourages balanced and responsible use of Alberta's natural resources through the application of leading practices in management, science and stewardship.

Core Businesses

The Ministry of Sustainable Resource Development delivers four core businesses:

Core Business One

Lands integrates leading planning and management practices to develop common goals for the use of Alberta's public lands that cross multiple stakeholders and demands. This "place-based" stewardship approach to natural resource management combines the efforts of other ministries toward achieving the goal of sustaining the benefits Albertans receive from their natural resources.

Core Business Two

Forestry ensures the multiple benefits received from the province's forests are realized by utilizing a combination of leading forest management, forest wildfire protection and forest industry practices to provide leadership and oversight in the management of Alberta's forests.

Core Business Three

Fish and Wildlife manages fish and wildlife species based on the best available science and integrated decision-making processes that generate new information for informed, future decision-making. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and non-consumptive recreational opportunities compatible with healthy, diverse fish and wildlife populations.

Core Business Four

Land, Access and Compensation Boards is the purview of the Ministry's three boards, which are guided by specific legislation that provides them with their mandates. While these boards report to the Minister of Sustainable Resource Development, they make their formal decisions independently, in accordance with their governing legislation. The Natural Resources Conservation Board conducts independent public reviews of projects that may affect the natural resources of Alberta and also regulates new or expanding confined feeding operations. The Surface Rights Board conducts hearings when an operator and a landowner or an occupant fail to reach an agreement regarding entry or compensation related to resource activity on privately owned or occupied public lands. The Land Compensation Board is responsible for policies and procedures for situations where a landowner's property is expropriated by a public authority.

Program Initiatives and Significant Improvements

Sustainable Resource Development was involved in numerous activities during 2006-07, as demonstrated in the Results Analysis section of this report. The following information outlines the main program initiatives and significant improvements, as well as the major consultations and legislative changes that took place during the year.

Land-use Framework Under Development

Sustainable Resource Development made substantial progress toward developing a provincial Land-use Framework that will provide an overarching vision and outcomes for land use in Alberta. The Ministry and its partners engaged about 500 stakeholders on the issues and challenges facing Alberta's land and natural resources and the attributes of a successful Land-use Framework. The results of this consultation were summarized in a number of reports and served as the basis for developing public awareness materials for broader public consultation on land use in Alberta starting in May 2007.

Integrated Land Management

Integrated land management is one of the tools Alberta will use to integrate a variety of land uses on a common land base. In 2006-07, Sustainable Resource Development engaged over 300 stakeholders in helping define integrated approaches to managing public land. Representatives from a broad cross-section of commercial, industrial, municipal, recreational, environmental and other land users participated in targeted working groups to develop recommendations for an Integrated Land Management Program. Eight government ministries plus the Alberta Energy and Utilities Board participated in this process. The resulting recommendations will help reduce, manage and minimize the physical disturbance humans cause through land use, and will touch on the following:

- Operational principles
- Decision-making guidelines
- Regulatory and non-regulatory incentives
- Stewardship and capacity-building mechanisms
- Performance measures
- Program governance

Mountain Pine Beetle Addressed

Action was taken on many fronts during 2006-07 to address an unprecedented flight of mountain pine beetle into Alberta forests. The Ministry hosted the Alberta Mountain Pine Beetle Summit on May 26 and 27 in Calgary to discuss issues related to managing mountain pine beetle and the potential impacts to Alberta's pine forests. The summit was attended by about 250 representatives from municipal and provincial government, First Nations, private industry and non-government

organizations. Following the summit, the Minister established an advisory committee representing a wide cross-section of stakeholders to advise him on issues related to managing mountain pine beetle in Alberta.

An aggressive mountain pine beetle management plan was also developed and implemented. This included extensive surveys and single-tree control projects, continuation of the Mountain Pine Beetle Municipal Grant Program, public information, and work with the forest industry to amend harvest plans in an effort to manage mountain pine beetle infestations.

Alberta Biodiversity Monitoring Program Poised for Launch in 2007-08

During 2006-07, Sustainable Resource Development continued work with Alberta's forestry and energy sectors and the federal government to design and test a world-class program for tracking the state of our biodiversity. The Alberta Biodiversity Monitoring Program is designed to allow detection of changes at regional and provincial scales. Information from the program will be valuable in identifying strong natural resource management practices and alerting us to any that could be improved. The program will also support environmental assessments preceding resource management decisions.

In 2006-07, industry and government partners contributed $1.5 million towards further design and testing for the future operational program. Governance of the future program was also addressed with development of recommendations for delivery through an independent legal entity operating at arms length from both government and industry. The stage has been set for program partners to confirm their support to launch an operational program in 2007-08.

Status of Wild Species Report Released

The *General Status of Alberta Wild Species 2005* report was released in 2006, providing the status for 2,811 species. Nearly 95 per cent of the species assessed are either secure or not in any risk category.

The province updates the general status report every five years, which helps provincial wildlife biologists set action plans for protecting and conserving species at risk. This new report contains information on more than triple the number of species assessed for the 2000 report. For the 2005 report, assessments were expanded to include species such as clams, snails, dragonflies and plants.

Species considered at risk include piping plover, swift fox, five fish species and others. Species that may be at risk include rare plants, the prairie rattlesnake, the Canadian toad, and the short-eared owl.

Wildfires

On March 1, Alberta's 2006 fire season started one month early due to low snowfall and warm, dry conditions. During the legislated fire season (April through October), the Ministry responded to 1,954 wildfires that burned more than 118,785 hectares. The wildfire activity was concentrated in late June and early July when there was extreme lightning and more than 150 wildfires burning in the province. Extreme wildfire hazards led to four provincial fire bans in the southern and northwestern regions of Alberta's Forest Protection Area (the area in which the Ministry has the legislated mandate to manage, suppress and control wildfires). The hamlet of Nordegg and surrounding area was evacuated as a result of a wildfire that burned within two kilometres of the community. Additional resources were brought in from Alaska, Yukon, the Northwest Territories, Ontario, Quebec and Nova Scotia. Later in the fire season, Alberta provided firefighting resources to British Columbia, Ontario, Yukon, Washington, Montana and Oregon. Alberta's firefighting crews also helped with mountain pine beetle survey and control operations.

Sustainable Resource and Environmental Management

Alberta's ministries of Energy, Environment, and Sustainable Resource Development are committed to working together to make the best decisions possible for managing our resources and environment.

In 2006-07, the three ministries fulfilled this commitment by:

- Adopting a plan to implement the Sustainable Resource and Environmental Management (SREM) Charter.
- Developing cross-ministry principles and determining behaviours the ministries value.
- Developing a Policy Integration Framework to coordinate policy development.
- Completing a joint inventory of natural resource and environmental information.
- Improving information-sharing.
- Reviewing upstream oil and gas development activities to identify and reduce policy and regulatory overlaps, inconsistencies, and gaps.

Consultations on oil sands development and a Land-use Framework are also proceeding with all three ministries working together for a common purpose.

Chronic Wasting Disease

During 2006-07, the Department conducted extensive surveillance programs for chronic wasting disease (CWD). Testing of more than 3,000 deer heads submitted by hunters last fall resulted in four testing positive for CWD in the Chauvin/Edgerton area, where CWD had not previously been detected. As a result, further control activities to limit the spread of CWD were conducted in March 2007, after the Ministry received $1.1 million in supplemental funding to address this problem. These additional efforts resulted in 12 more deer testing positive from 1,850 heads submitted.

Public Information, Education and Outreach Programs Unit Established

Ministry resources providing public information, education and outreach services were consolidated to increase public access to information, and boost public knowledge, interest and involvement in managing Alberta's natural resources. Sustainable Resource Development made this move to improve its planning and coordination of information, education and outreach activities across the province.

Public Information, Education and Outreach Programs (PIEOP) delivers a wide range of programs designed to engage and inform the public. The Junior Forest Wardens Program challenges children aged six to 18 to learn about forestry and ecology through outdoor adventures such as backpacking, canoeing, mountaineering and survival training. The Fish in Schools Program allows students to hatch and raise fish in their own classrooms and then release them during Environment Week. Camping, wall-climbing and hiking are just a few of the teaching tools used at the Long Lake Outdoor Education Centre—a year-round natural classroom offering workshops and camps that foster awareness and appreciation of our natural surroundings.

Fish Conservation Strategy Updated

The Fish Conservation Strategy for Alberta 2006-10 was updated and publicly released in November 2006. The strategy, which is updated every five years, is a "big picture" framework to help manage Alberta's fisheries in a sustainable way, so they continue to provide benefits to residents. Many stakeholders provided input to the strategy, including nearly 400 residents who participated in an online survey. Members of the Alberta Fisheries Management Round Table, which includes representatives of the fishing public, industry and others, also provided input. The strategy describes the vision, goals and guiding principles for managing and conserving provincial fisheries for the next five years. It also outlines some strategic approaches that provincial fisheries staff will take regarding fish stocking, habitat conservation, fish population surveys, public education and outreach, development of additional opportunities to harvest fish, and domestic, recreational and commercial use of Alberta's fisheries resource.

Training Awards Received

The Hinton Training Centre received the bronze Canada Award for Excellence from the National Quality Institute in recognition of the centre's series of fire-management training CDs, its wildfire-management training simulator, and high client-satisfaction rate. The centre also received a bronze award from the Alberta government's Premier's Award of Excellence Program and an international "Golden Firefighters" award from Videofuego, an international contest of video, photography and multimedia programs on fire and emergencies.

CANADA AWARDS FOR EXCELLENCE
BRONZE RECIPIENT QUALITY 2006

2006 Premier's Award of Excellence

Employment Partnership with Mexico

Sustainable Resource Development expanded its successful partnership with Jalisco, Mexico. The Ministry recruited six firefighters and one junior forest ranger representative to work in Alberta during the 2006 fire season. Following that successful arrangement, a delegation went to Jalisco to train and interview another 40 potential employees, 18 of whom the Department hired to fight wildfires in the 2007 fire season.

Smithsonian Folklife Festival

From June 30 to July 11, 2006, Sustainable Resource Development partnered with Foothills Model Forest as one of 150 Alberta participants at the Smithsonian Folklife Festival in Washington, DC, which highlighted Alberta. Three of the Ministry's junior forest ranger representatives attended the festival to participate in the exhibit on forest management practices in our province.

Equipment and Facilities Upgraded

The Ministry upgraded three government-owned CL-215 airtankers and their bases at Springbank, Whitecourt and Manning. The equipment and facilities are used to fight wildfire in Alberta and provide firefighting support to other jurisdictions. Renovations also started at the Sam Livingston Fish Hatchery in Calgary to accommodate the Bow Habitat Station, a public interpretive centre under development.

New Agreement with Alberta Conservation Association

Sustainable Resource Development established a new memorandum of understanding (MOU) and nine new program agreements to strengthen its partnership with the Alberta Conservation Association (ACA). In addition, the Ministry now participates in the association's annual planning process. The new MOU and program agreements define ACA roles and responsibilities as a delegated administrative organization for the Minister of Sustainable Resource Development. These documents are important in defining the expectations of the association, measuring its performance, and ensuring effective spending of the dollars it receives through levies on recreational hunting and fishing licences. The ACA conducts activities to enhance fish and wildlife populations and habitat in Alberta. These activities include specific conservation projects, population studies and inventories, fish stocking, and grant funding to other organizations and individuals aiding in conservation.

Major Consultations

- Consulted on the development of a provincial Land-use Framework, including stakeholder focus group sessions attended by 500 Albertans and a Cross-Sector Land-use Forum for 150 stakeholder representatives.
- Engaged more than 300 stakeholders in helping define integrated approaches to managing provincial Crown land. Representatives from a broad cross-section of commercial, industrial, municipal, recreational, environmental and other land-users participated in working groups to develop recommendations for an Integrated Land Management Program.
- Continued consultations with First Nations and industry on implementing Alberta's First Nations Consultation Guidelines on Land Management and Resource Development, in conjunction with the ministries of Intergovernmental, International and Aboriginal Affairs; Environment; Energy; and Tourism, Parks, Recreation and Culture. These guidelines provide procedures to carry out the government's duty to consult with First Nations regarding decisions on land management or resource development.
- Consulted with the public to update the Fish Conservation Strategy for Alberta 2006-10 and regulate competitive fishing events.
- Worked with the Ministry of Tourism, Parks, Recreation and Culture to implement the memorandum of understanding for protected areas. This collaboration identified specific roles for managing grazing authorizations, clarified legislation regarding land management, and identified opportunities for further amendments to legislation to ensure long-term sustainability of resources.
- Consulted with the Alberta Provincial Fisheries Management Round Table for discussion and advice on the fisheries management program.
- Consulted with stakeholders regarding trapping in the 21st century.
- Worked with guide outfitters to advance the Waterfowl Outfitter Policy and the five-year big game allocation review.
- Surveyed hunters to determine numbers and locations of hunting activity.
- Undertook numerous regional and local consultations concerning regulatory changes to 2007-08 sport fishery regulations.
- Invited Albertans to provide their input into planning for future commercial and recreational development in three areas of public land west of Hinton:
  - Overlander: located about 15 km west of Hinton on Highway 16, near the Jasper National Park gate.
  - Entrance: located at the high point of land about 4 km west of Hinton, and about 1.5 km north of Highway 16, near Highway 40 and adjacent to the Aspen Heights subdivision.
  - Brule: located about 25 km west of Hinton, along the north shore of the Athabasca River.

Legislative and Policy Changes

The following legislative changes were made in 2006-07:

- Amendments to the **Forest Recreation Regulation** to create a new Forest Land Use Zone and trails network for the Ghost-Waiparous area. The trails will be managed in a way that creates new and enhanced trail opportunities, while addressing environmental considerations, public safety and user needs.
- Amendments to the **Fisheries (Ministerial) Regulation** to:
  - Support a special fish harvest licence for walleye.
  - Support mandatory licensing of competitive fishing events (derbies and tournaments).
  - Remove reference to prohibited areas, as well as remove tiger trout from the list of approved species.
- Amendments to the **General Fisheries (Alberta) Regulation** to support mandatory licensing of competitive fishing events (derbies and tournaments).
- Amendments to the **Exploration Regulation** to support the Ministry's land management objectives and reflect current practices of the exploration industry.
- Amendments to the **Procedures Regulation** to establish or update specified penalties under the Recreational Access Regulation and General (Alberta) Fisheries Regulation.
- Amendments to the **Wildlife Regulation** to:
  - Change the 2006 hunting season.
  - Allow the use of approved foothold traps in October and November for coyotes and wolf, in areas where grizzly bears are found.
  - Increase some fishing quotas.
  - Increase some cougar quotas.
  - Designate the mountain plover, short-horned lizard, burrowing owl, and ferruginous hawk as endangered species.
- Amendments to the **Non-Permit Areas Regulation** to reflect the addition of non-permit areas to those townships located within the Municipal District of Spirit River.
- Amendments to the **Forest and Prairie Protection Regulations, Part II**. These amendments were administrative to update terminology and references.

The following policies were approved in 2006-07:

- **Grazing Timber Integration Policy** to improve integration of beef and timber operators who work on a common land base (developed in partnership with the livestock and timber industries).
- **Alberta Aggregate Allocation Policy for Commercial Use on Public Land** to ensure a consistent and transparent process for allocating aggregate (gravel), while providing for continued public supply.

Key Factors that Influenced Performance in the Past Year

An unprecedented flight of mountain pine beetles into northwestern Alberta in July 2006 resulted in a significantly higher number of mountain pine beetle-infested trees. As a result, a Mountain Pine Beetle Action Plan was developed, which includes harvesting infested and susceptible stands of pine trees, in addition to the cutting and burning already underway. Infestations were located primarily in parks, protected areas and private lands. Much of the new infestation—located primarily north of Jasper National Park to Peace River, between the B.C. border and Fox Creek—was found on land used by forest companies to harvest timber. On those lands, forest companies are now harvesting infested pine stands and changing their harvesting plans, so they can focus on areas that are susceptible to mountain pine beetle.

Rapid industrial development on the Alberta landscape continued in 2006-07 with the Ministry receiving more than 15,000 new applications for land-use dispositions. This is down slightly from the more than 20,000 applications received in 2005-06, but still indicates significant industrial development in the province. The new applications received this year are over and above the more than 230,000 active dispositions the Department already administers on public land.

During the 2006-07 hunting season, more than 3,000 wild deer were tested for **chronic wasting disease**, and four mule deer tested positive. These positive cases identified near Chauvin and Edgerton led to additional action in March 2007. Sustainable Resource Development worked with Alberta Agriculture and Food to test an additional 1,850 deer collected in east-central Alberta. Another 12 infected deer were identified. This brings the total of positive cases of chronic wasting disease in wild deer to 29 since the first documented case in September 2005.

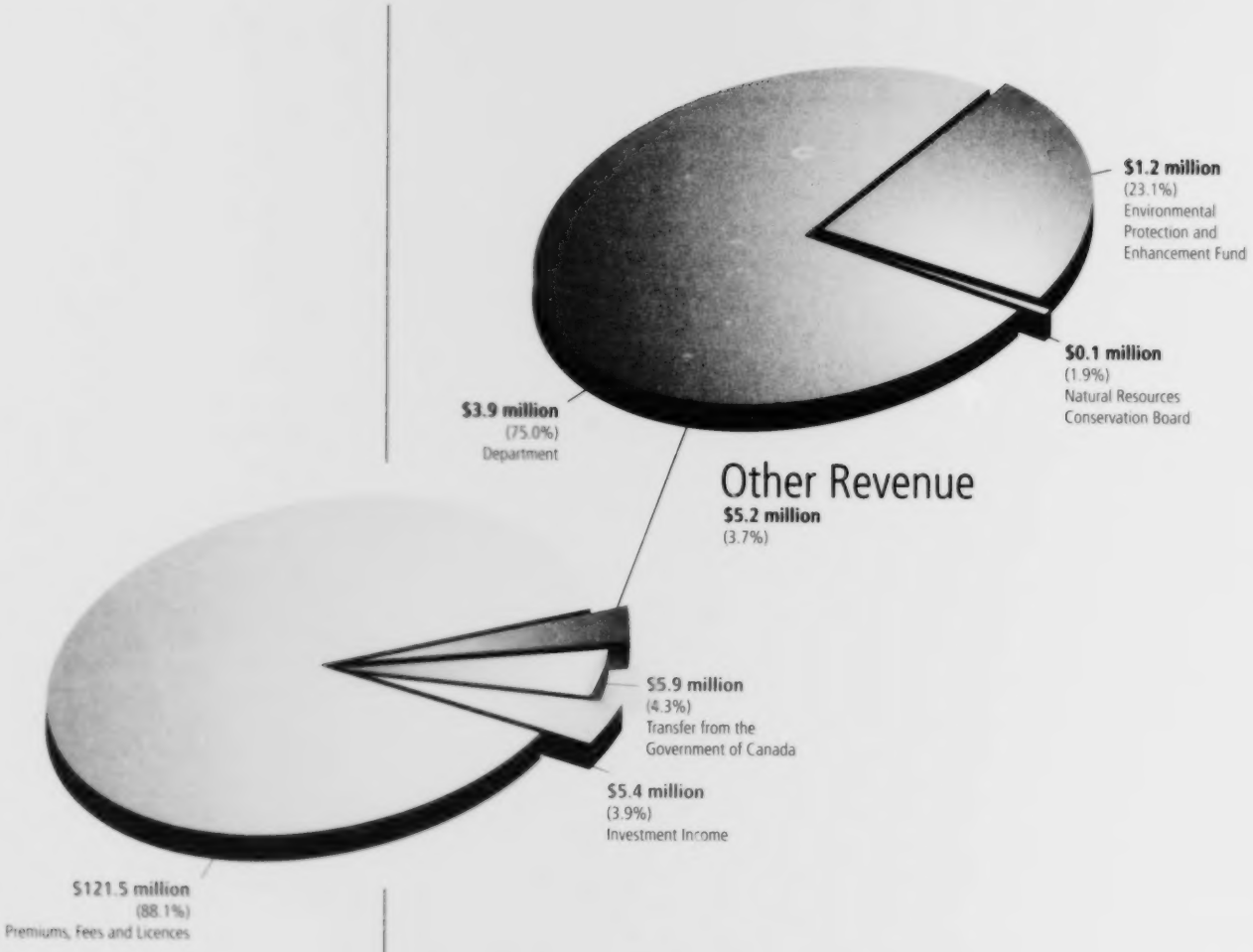
Financial Highlights

Ministry of Sustainable Resource Development for the Year Ended March 31, 2007 (in thousands)

	2007		2006
	Budget	**Actual**	**Actual**
Revenues	$ 160,876	$ 137,974	$ 181,530
Expenses			
Program Expenses	240,208	470,291	307,485
Valuation Adjustments	1,055	470	1,218
	241,263	470,761	308,703
Gain on Disposal of Capital Assets	4,000	3,542	1,984
Net Operating Results	$ (76,387)	$ (329,245)	$ (125,189)
Capital Expenditures	**$ 38,994**	**$ 38,496**	**$ 15,925**

Expenditures exceeded the budget and prior year amounts as a result of increased firefighting activities, as well as the Ministry's response to mountain pine beetle and chronic wasting disease.

Ministry Revenue by Source

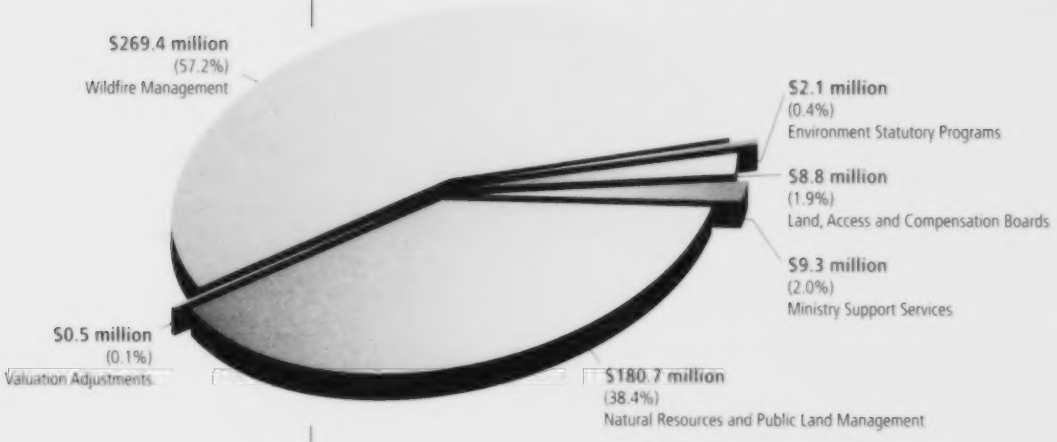


TOTAL REVENUE (in Millions) **$138.0**

Net Assets

(in thousands)	2007	2006
Assets	$ 396,282	$ 428,209
Liabilities	$ 93,437	$ 72,615
Net Assets	$ 302,845	$ 355,594

Ministry Voted Program and Statutory Expenses



TOTAL VOTED AND STATUTORY EXPENSES (in millions) $ 470.8

RESULTS ANALYSIS

Deputy Minister's Message

Sustainable Resource Development underwent a year of change in 2006-07. New ministerial leadership and a new governing administration for Alberta challenged ministries to manage the growth pressures brought on by a booming economy.

The Department refocused its operations in 2006-07 to emphasize its three core businesses: Fish and Wildlife, Forestry, and Lands. Head office put its focus on policy development and regulatory integration. Assistant Deputy Ministers for program-delivery divisions maintained responsibility for delivering their individual core businesses, while splitting new responsibilities for total service delivery in nine areas of the province. Nine area managers were made responsible for operational delivery of all programs across the three core businesses of Fish and Wildlife, Forestry, and Lands. The Public Information, Education and Outreach Programs Unit was also established to improve planning and coordination of these activities. Some of the unit's core activities include developing educational resources, providing programs about managing Alberta's natural resources, and managing the Ministry's Information Centre and website.

The Department adopted the new organizational model to ensure more productive and efficient delivery of programs and services to Albertans. I would like to thank the staff for their efforts to adapt to these organizational changes in the past year.

The challenge of managing growth pressures brought about by the strong economy fuelling rapid industrial and commercial development on public land continued in 2006-07. Over the next few years, the Department is moving toward a fully electronic land disposition system that will assist with timeliness of the application review process. The Land-use Framework currently in development will provide policies that will assist government in managing Alberta's growth pressures.

Through the Sustainable Resource and Environmental Management (SREM) initiative, the departments of Sustainable Resource Development, Energy and Environment are committed to working more closely together. Over the last year, work continued on developing cross-ministry principles and valued behaviours, developing a Policy Integration Framework to coordinate policy development, improving information

sharing, and reviewing upstream oil and gas development to identify and reduce policy and regulatory overlaps, inconsistencies and gaps.

Alberta continues to make progress toward developing a Land-use Framework to provide overarching land-use policy direction for the province. Last year, the Ministry initiated stakeholder consultation sessions to identify key issues that should be addressed, as well as potential outcomes and solutions to the various land issues and challenges facing Alberta. The stakeholder consultations led to widespread public consultations on the Land-use Framework.

The Forest Industry Competitiveness Project was initiated with the Alberta Forest Products Association during the past year. Work is ongoing to address global challenges to the forest industry's operating environment, including market factors, labour retention, the rising value of the Canadian dollar and increased operating costs.

Alberta is helping lead the way toward meeting the challenge of sustainable fisheries management. Last year, we developed the Fish Conservation Strategy for Alberta 2006-10, which aims to maintain fish habitat, manage fish populations, provide sustainable and diverse fishing opportunities, and involve the public in Alberta's fisheries. Activities undertaken under the strategy include the Special Walleye Licence pilot project, reactivation of the Walleye Stocking Program, regulation of competitive fishing events and expanded monitoring of provincial fish stocks.

The achievements of our Ministry over the past year would not have been possible without the dedicated support and tireless efforts of all of our staff members. Thank you to all Sustainable Resource Development employees for their contributions toward managing Alberta's natural resources.

Brad Pickering
Deputy Minister
Sustainable Resource Development

AUDITOR GENERAL *Alberta*

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Sustainable Resource Development's 2006-2007 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2006. Actual results are presented for all performance measures (see exception below).

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.

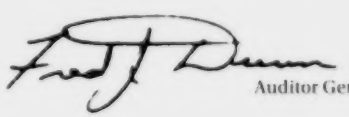
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found an exception for the measure Reforestation Rate in Harvested Areas. There was no data reported for this measure, therefore, I was not able to complete procedures one to four above. Management explains in the Results Analysis under Goal 3 why data was not reported.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.



FCA
Auditor General

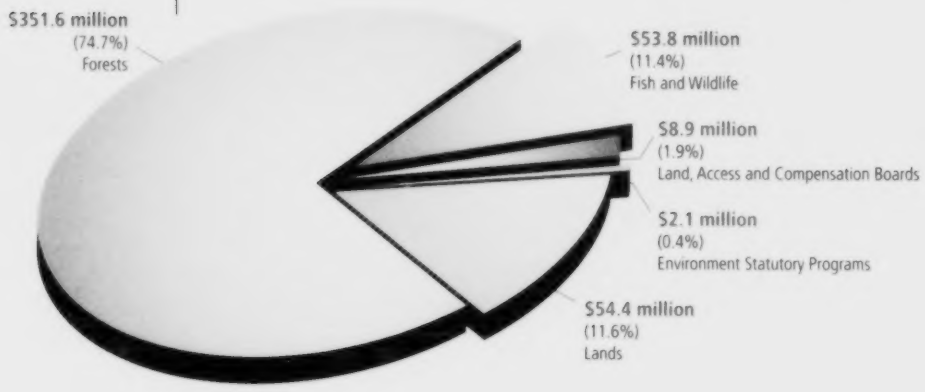
Edmonton, Alberta
August 17, 2007

Expense by Core Business

Ministry of Sustainable Resource Development for the Year Ended March 31, 2007 (in millions)

	2005-06 Actual restated	2006-07 Budget	2006-07 Actual
1. Lands	$ 39.4	$ 57.5*	$ 54.4
2. Forests	208.5	120.0*	351.6
3. Fish and Wildlife	48.3	51.0*	53.8
4. Land, Access and Compensation Boards	9.0	9.1	8.9
Environment Statutory Programs	3.5	3.7	2.1
Total	**$ 308.7**	**$ 241.3**	**$ 470.8**

*Note: Numbers are representative of approved budget. Supplementary estimates are not included.



TOTAL VOTED AND STATUTORY EXPENSES (in millions) **$ 470.8**

Expense by Government Function

Ministry of Sustainable Resource Development for the Year Ended March 31, 2007 (in millions)

The Ministry's expenses by government function are outlined below. Although 61.2 per cent of the budget was allocated to the Agriculture, Resource Management, and Economic Development function, fighting wildfires caused 54.8 per cent of actual gross expenses to be incurred in the Protection of Persons and Property function.

	2005-06	2006-07	
	Actual	**Budget**	**Actual**
	restated		
Agriculture, Resource Management, and Economic Development	$ 137.2	$ 147.5	$ 185.3
Protection of Persons and Property	152.6	69.8	257.8
Environment	18.9	24.0	27.7
Total	**$ 308.7**	**$ 241.3**	**$ 470.8**

Goals, Results and Measures by Core Business

Core Business One – *Lands*

Goal 1: Alberta's public lands, including rangeland, are healthy, productive and sustainable

Results:

STRATEGY 1.1
Provide an integrated, balanced approach to land use through a land management policy and legislative and regulatory framework that optimizes the benefits Albertans receive from these resources.

- Implemented a new access management plan and designated trail network for the Ghost-Waiparous area near Calgary that provides a variety of recreational opportunities, reduces the impact on natural resources, and decreases conflict between users.
- Developed a new gravel allocation policy that addresses current market requirements for businesses and provides for public supply, while ensuring effective conservation and reclamation of public land.
- Began the design phase of the Upstream Oil and Gas Policy Integration Project, in partnership with the provincial ministries of Energy and Environment, as well as the Alberta Energy and Utilities Board, to develop a clearer and more transparent approach to regulating upstream oil and natural gas activity.
- Established specified penalties for offences by people using public land for recreation. On October 1, 2006, fish and wildlife officers were authorized to issue violation tickets ranging from $15 to $500 depending on the infraction.
- Supported the Ministry of Environment in developing new guidelines for reclaiming forested public land allocated for industrial use.
- Cooperated with the Ministry of Environment and the Alberta Energy and Utilities Board in reviewing the regulatory process for upstream oil and gas facilities.
- Initiated a review of the current Alberta Tourism Recreation Leasing Policy to improve response to increasing numbers of complex tourism development proposals.

STRATEGY 1.2
Develop and implement policies, guidelines and practices that mitigate the footprint of industrial and commercial development on public land.

- Developed the following components of the Integrated Land Management Program: integrated land management principles, decision-making guidelines, regulatory and non-regulatory incentives, stewardship and capacity building mechanisms, performance measures, and a governance model. The Integrated Land Management Program aims to reduce, manage and minimize the physical disturbance people cause when using Alberta's public land.
- Showcased integrated land management principles at a multi-stakeholder workshop. Held in January 2007, the workshop also highlighted integrated land management efforts by industry, municipal governments, provincial governments, First Nations, and others.

STRATEGY 1.3
Encourage Albertans in leading practices in stewardship on Alberta's public lands and rangelands through education, outreach and monitoring.

- Organized an iCare Youth Conference where 54 young people took part in activities that encouraged respect for Alberta's land.
- Conducted ecological assessment audits of range and riparian land health on 703 grazing lease renewals to maintain sustainable grazing on the public agricultural land base (12 million acres). Riparian areas are vegetation zones surrounding water bodies, such as streams and lakes, that support a rich diversity of plants and wildlife. Healthy public rangelands provide multiple benefits to Albertans including wildlife habitat, watersheds and biodiversity.
- Partnered with the University of Alberta on a three-year study to better understand relationships between rangeland health, carbon sequestration and storage, and reduced greenhouse gas emissions.
- Handled nearly 600 inquiries in the Information Centre regarding public land dispositions, land access, and other questions about Alberta's public land.

STRATEGY 1.4
Ensure dispositions for the use of public lands are issued in a timely, effective manner with the appropriate and relevant conditions.

- Received more than 15,000 applications to use public land, with most of these coming from industry.
- Approved 50 area operating agreements in 2006-07. These long-term plans, which can cover a number of land-use approvals, reduce the administrative work required for companies that operate at several locations within an area. They also help companies manage land more effectively and encourage better land-use planning.
- Approved more than 900 land reservations in 2006-07. This is a 203 per cent increase over the 445 reservations approved in 2005-06. Reservations indicate the conditions under which public land may be used, while protecting special habitat and landscapes.

STRATEGY 1.5
Monitor existing dispositions to ensure the sustainability of public resources for other users.

- Enhanced the Respect the Land Program with improved communication products and stewardship training for staff in the Guardian Program (Ministry staff who ensure wise use of Alberta's public lands, forests and their resources through education and enforcement).
- Established a new protocol for assessing the health of riparian land when inspecting and renewing grazing dispositions.
- Updated access conditions on the Department website. The website explains the standard conditions for accessing public land for recreation purposes and provides contact information for people who hold agricultural leases on public land.

STRATEGY 1.6
Provide an efficient and effective information management system for dispositions on public lands.

- Established a suite of electronic services that allow clients to request and amend public land dispositions online. Clients can also request electronic consents, environmental field reports and codes of practice for surface dispositions.
- Introduced an electronic referral process for agencies that review oil and gas industry applications to access public land in Alberta.
- Developed options for replacing the Land Status Automated System, the registry of activities, information, and surface and mineral interests on Crown land.

ALBERTA'S PUBLIC LANDS, INCLUDING RANGELAND, ARE HEALTHY, PRODUCTIVE AND SUSTAINABLE

STRATEGY 1.7

Ensure that Alberta's livestock industry has access to long-term, secure public rangeland grazing.

- Authorized over 1.7 million animal unit months (AUM) of grazing for livestock on public rangelands. An AUM is the amount of forage required to feed one 1,000 pound cow with calf at side for 30 days.
- Provided grazing opportunities in the Rocky Mountain Forest Reserve, northwest of Calgary in the foothills, integrating grazing with other land uses including recreation, timber management and watershed protection. About 300 permits were issued in 2006-07, providing over 98,000 AUMs of summer grazing to local livestock producers.
- Developed cost-sharing agreements with provincial grazing reserve associations to mitigate the impacts of industry and recreation on provincial grazing reserves.
- Developed agreements with 19 municipalities to control noxious and invasive weeds, which compete with native plants and reduce the yield of commercial crops.

STRATEGY 1.8

Support sustainable range management practices and decisions through coordinated inventories, knowledge transfer and applied research programs.

- Partnered with the Government of Canada and the People's Republic of China to exchange experience and technology on grassland through an agreement for a year-long project that commenced with a study tour to China by Ministry representatives.

Performance Measures

MEASURE
Industrial Disposition Planning

METHODOLOGY
Applications for industrial dispositions submitted with an area operating agreement (long-term plan) are identified when received by the Department. The total number of approved industrial dispositions subject to long-term plans within the Land Status Automation System are counted and compared to the total number of applications for industrial dispositions approved by the Department during the year.

Target:
35 per cent of active oil and gas dispositions are subject to long-term plans

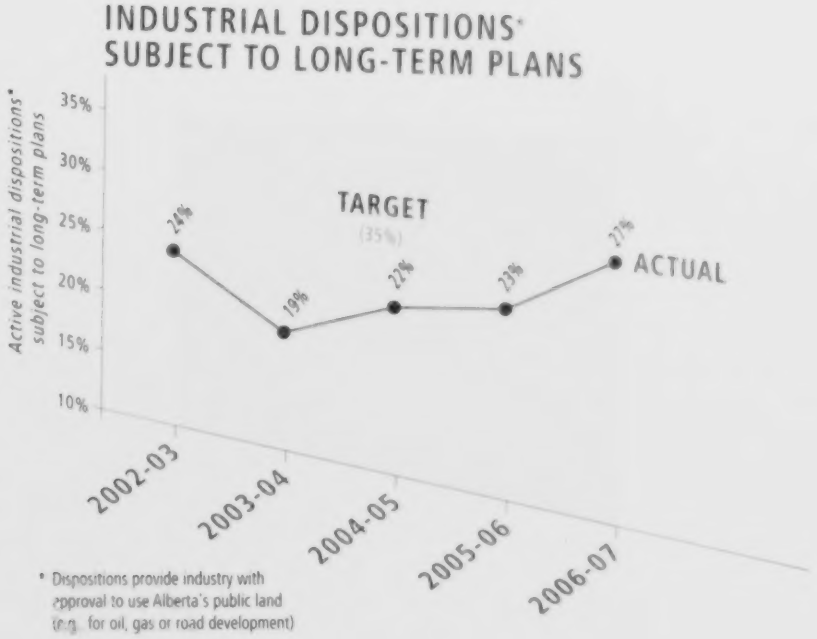
Results:

Year Ending March 31	2004-05 Actual	2005-06 Actual	2006-07 Actual
1a) Active oil and gas dispositions subject to long-term plans	22%	23%	27%

Source: Land Status Automated System (LSAS) and Department files

Analysis:
Long-term planning by the oil and gas industry assists in the coordination of land use among the potential user groups. With standardized long-term planning information available from industry, the Department can provide greater predictability within the application process.

The Department's target of 35 per cent of active oil and gas dispositions being subject to long-term plans was not met. The 27 per cent result in 2006-07 was a significant increase over the previous year's actual of 23 per cent. This indicates that the industry is responding to the Department's request for standardized long-term plans to accompany industrial disposition applications. The number of industrial dispositions subject to long-term plans is anticipated to continue to increase as industrial dispositions are updated, renewed or submitted for the first time.



Performance Measures

MEASURE

Timely, Efficient Disposition Decisions

METHODOLOGY

Applications for well sites and pipelines are entered into the Land Status Automated System (LSAS). Applications for geophysical approvals are entered in the Application Disposition Process and Tracking System and downloaded to LSAS. LSAS automatically captures and stores the date of application and the subsequent date of approval. The number of working days (Monday to Friday, excluding public sector holidays) spent approving dispositions is then divided by the number of dispositions approved.

Target:

Average number of working days for completion of well site and pipeline approvals is less than 20 working days and for completion of geophysical approvals is less than 10 working days

Results:

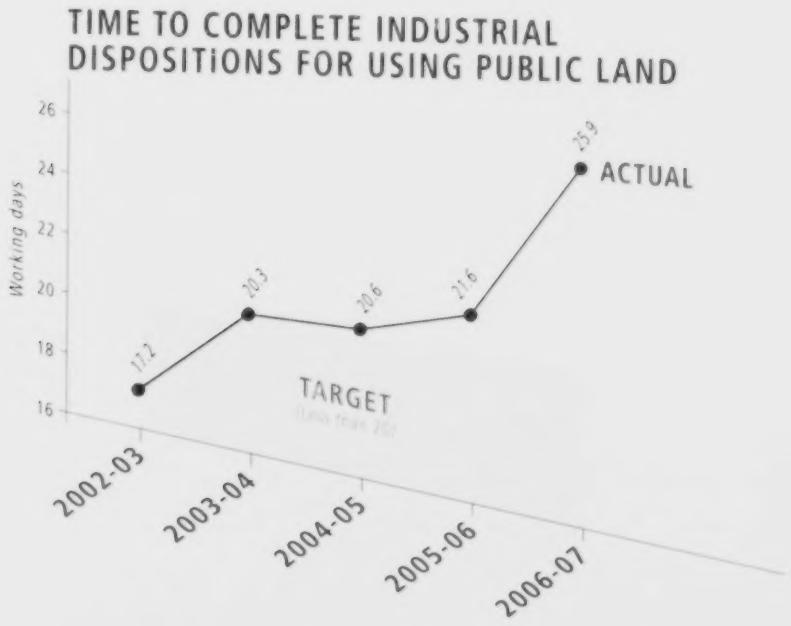
Year Ending March 31	2004-05 Actual	2005-06 Actual	2006-07 Actual
1b) Average number of working days for completion of well site and pipeline approvals	20.6	21.6	25.9
Average number of working days for completion of geophysical approvals	6.4	7.1	9.5

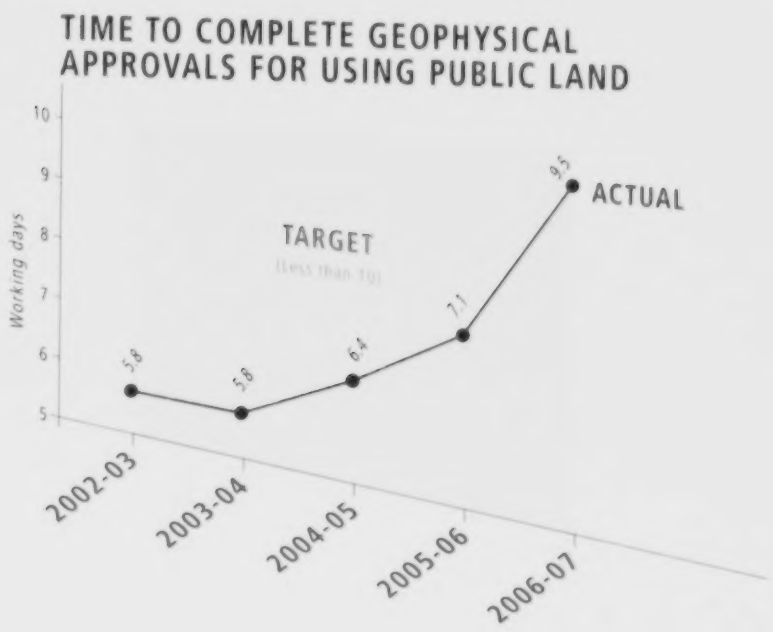
Source: Land Status Automated System (LSAS)

Analysis:

The target of 20 working days for completion of well site and pipeline approvals was not met. In 2006-07, the actual timeframe for approval was 25.9 days, which was an increase of 4.3 days from the previous actual of 21.6 days. Factors that influenced the Ministry's performance in this area included time required by clients to submit information following their initial application and an uneven distribution of application volume through the year.

The target of 10 working days for completion of geophysical approvals was met. Although 9.5 days in 2006-07 was an increase from the previous actual of 7.1 days, it continues to demonstrate that Albertans are receiving timely access and approval to conduct geophysical activities on public land.





Performance Measures

MEASURE
Public Rangeland Allocation

METHODOLOGY
The total number of animal unit months approved for grazing leases, licences and permits, as well as those for the Forest Reserves, the Provincial Grazing Reserves and Camp Wainwright are counted each year.

Target:
Public rangeland will support 1.6 million animal unit months

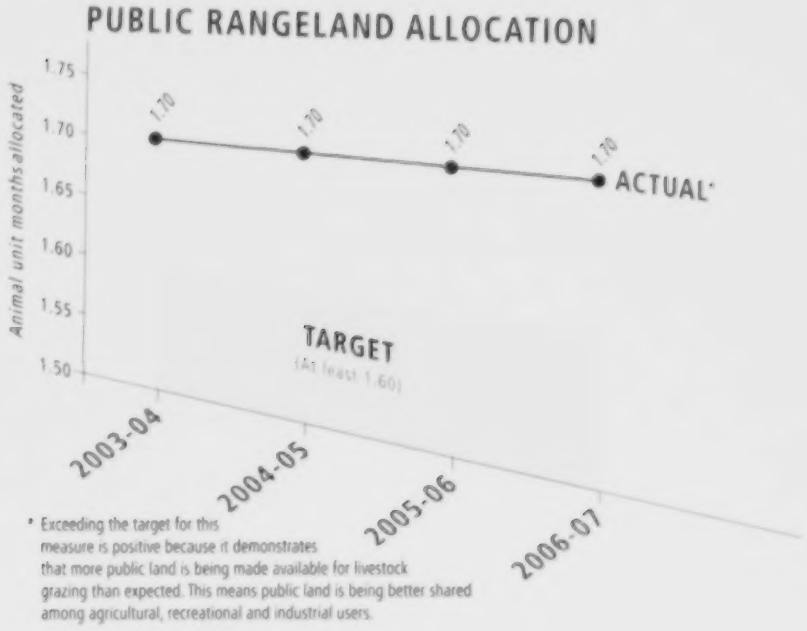
Results:

Year Ending March 31	2004-05 Actual	2005-06 Actual	2006-07 Actual
1c) Animal unit month allocated (millions)	1.7	1.7	1.7

Source: Geographic Land Information Management and Planning System, Provincial Grazing Reserve's Grazing Management Agreement Schedule C, information from Ministry files

Note: An animal unit month (AUM) is the amount of forage required to feed one cow with calf at side (an animal unit) for 30 days. This amount is equivalent to 1,000 pounds of forage dry matter.

Analysis:
The number of animal unit months (AUMs) allocated measures the amount of grazing opportunities provided for livestock on public lands in Alberta. Providing access to livestock grazing on public lands through long-term agreements helps provide stability to the livestock industry. There are over 6,000 grazing dispositions issued in the province. The target was exceeded with a final total of just over 1.7 million AUMs. This result demonstrates that the Ministry is exceeding its expectations for providing Alberta's livestock industry with grazing opportunities on public land. It is consistent with the results from the past three years.



* Exceeding the target for this measure is positive because it demonstrates that more public land is being made available for livestock grazing than expected. This means public land is being better shared among agricultural, recreational and industrial users.

Performance Measures

MEASURE
Rangeland Sustainability

METHODOLOGY
In 2006-07, 703 leases scheduled for renewal were assessed for rangeland health and management practices (approximately 10 per cent of total grazing leases held in the province). Lease selection is drawn from the Geographic Land Information Management and Planning System and collected data are subsequently entered into the same system. The number of leases in good standing is divided by the total number of leases and multiplied by 100 to give the percentage of leases in good standing.

Target:
90 per cent of assessed rangeland leases will be in good standing

Results:

Year Ending March 31	2004-05 Actual	2005-06 Actual	2006-07 Actual
1d) Percentage of rangeland leases in good standing	93%	92%	90%

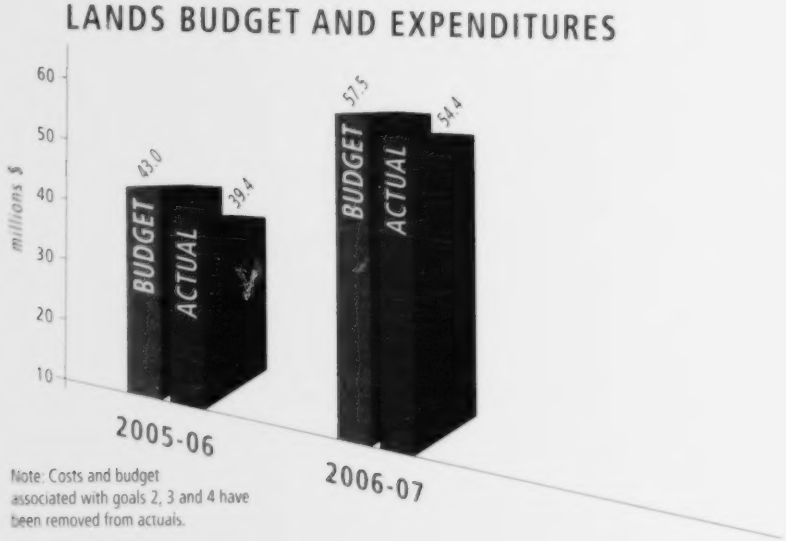
Source: Geographic Land Information Management and Planning System

Note: A rating of good standing is demonstrated by productivity, site stability, capture and beneficial release of water, nutrient cycling, plant diversity, proper grazing management practices and livestock is owned by leaseholder (unless previously approved).

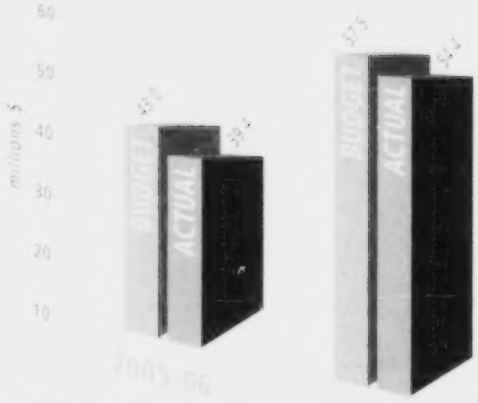
Analysis:
This measure provides evidence of the Ministry's success in fostering good stewardship practices among leaseholders and an overall indication of whether Alberta's rangelands are being managed in a sustainable manner.

The target was met. However, the percentage of leases considered to be in good standing dropped slightly to 90 per cent in 2006-07 from 92 per cent in 2005-06. Tenure holders with management concerns on their leases do not have their leases renewed for longer than one to two years, so that progress may be re-evaluated. As a result, these tenure holders' leases come up for renewal and inspection more often than those whose leases are in good standing.

Financial Information for Goal 1 Supporting Core Business 1



The expenditures for Lands were $3.1 million lower than the allocated budget of $57.5 million. Revenues received for the dedicated revenue fund were $1.344 million less than the approved spending authority. The revenue and expenditures associated with dedicated funds are monitored to ensure expenditures do not exceed revenues and overall authorized fund activity levels, so this partly explains why expenditures were lower than budgeted. The balance of the expenditure shortfall is attributable to non-cash items such as amortization and nominal sums disposal.



Note: Costs and budget associated with goals 2, 3 and 4 have been removed from actuals.

The expenditures for Lands were $3.1 million lower than the allocated budget of $57.5 million. Revenues received for the dedicated revenue fund were $1.344 million less than the approved spending authority. The revenue and expenditures associated with dedicated funds are monitored to ensure expenditures do not exceed revenues and overall authorized fund activity levels, so this partly explains why expenditures were lower than budgeted. The balance of the expenditure shortfall is attributable to non-cash items such as amortization and nominal sums disposal.

CANADA AWARDS FOR EXCELLENCE
BRONZE RECIPIENT QUALITY 2006

Core Business Two – Forests

Goal 2: Alberta's forests and forest communities are protected from wildfires

Results:

- Received the following awards recognizing the outstanding training programs at the Hinton Training Centre: Premier's Award of Excellence, National Quality Institute Award, and the International Videofuego for multimedia development.
- Received a Certificate of Recognition for the occupational health and safety audit of Alberta's forest protection practices through the government's Partnerships in Safety Program. Sustainable Resource Development's forest protection program achieved 96 per cent on the audit of over 30 work sites across Alberta.
- Reviewed fire detection procedures in forestry lookouts to enhance staff safety and their ability to respond effectively to wildfires.
- Employed six firefighters and one junior forest ranger representative from Jalisco, Mexico, in 2006, through a cooperative partnership. Following that successful arrangement, the Ministry sent a delegation to Jalisco to train and interview 40 potential employees, of which 18 will be employed by the Ministry in 2007-08.
- Activated the Hinton Training Centre's Emergency Disaster Response Plan to provide accommodation and meals to 150 seniors stranded between Jasper and Hinton due to a vehicle accident and subsequent road closure.

STRATEGY 2.1

Provide a preparedness framework that enables the province to respond to wildfires in the Forest Protection Area of the province. Key elements of the framework include effective policies, readiness, training, prevention, detection and early response.

2006 Premier's Award *of* Excellence

STRATEGY 2.2

Reduce the risk and damage caused by wildfires by incorporating FireSmart practices and principles in cooperation with the public, industry and local governments.

- Funded 51 FireSmart initiatives within 43 communities in Alberta's Forest Protection Area to help reduce the threat of wildfire and its impacts on communities across Alberta. The FireSmart Community Protection budget was just over $1.2 million.
- Funded an additional 11 FireSmart projects and plans through the FireSmart Community Grant Program for a total cost of $250,000. The goal of this program is to assist municipalities and community groups in reducing the risk of wildfire within their jurisdictions.
- Co-sponsored development of the FireSmart Guidebook for Oil and Gas Industry and Best Management Practices with the Canadian Association of Petroleum Producers. The guidebook will be released in the fall of 2007.

STRATEGY 2.3

Respond to wildfires through a management regime that quickly contains and suppresses wildfires within the Forest Protection Area to minimize related losses.

- Responded to 1,954 wildfires during the 2006 fire season. These wildfires burned 118,785 hectares—an area equivalent to almost twice the size of Edmonton.
- Implemented four provincial fire bans and cooperated with Clearwater County in the evacuation of the hamlet of Nordegg and surrounding area, when wildfire threatened the community.

- Operated 128 fire lookouts during the 2006 fire season to detect and report wildfires. Lookout observers provide early detection and accurate reporting of all potential smokes and wildfires within the area visible from the lookout. They also provide continuous observation of the progress and behaviour of the smoke or wildfire until firefighting personnel arrive.
- Imported a total of 5,686 person days of help and exported 4,049 person days to other partners through mutual-aid resource-sharing agreements. Equipment and aircraft were also shared.
- Continued initiatives to upgrade three government-owned CL-215 airtankers and the Springbank, Whitecourt and Manning airtanker bases.

STRATEGY 2.4

Encourage wildfire prevention in Alberta's forests through education, outreach and monitoring.

- Collaborated with municipalities and industry to identify key communities in the Forest Protection Area where FireSmart activities can help mitigate wildfire damage, and provide a line of defence in advance of a potential wildfire. The FireSmart program provides Albertans with information to reduce the threat of wildfire and protect themselves, their property, and forests from wildfire.
- Held the second annual FireSmart community series workshop in Jasper, which was attended by government and municipal representatives. This event provided participants with information on the FireSmart Program and how it can be applied by communities and industry.
- Partnered with Crime Stoppers and Global Television on wildfire prevention announcements to engage communities to help spot potential fire starters in their communities (a community-based policing approach).
- Partnered with Grant MacEwan College to deliver online training for first responders to wildfire incidents to support and enhance the quality of wildfire investigations.

Performance Measures

MEASURE
Detection

METHODOLOGY
The wildfire detection performance measure tracks the reporting times for the systems over which the Ministry has direct control—for example, fire lookouts and aircraft patrols. These measures assess the success of Sustainable Resource Development's fixed and mobile detection system.

Detection results compare the number of wildfires detected and reported by Forest Protection lookout or air patrols in five minutes or less against all wildfires detected and reported by Forest Protection lookout or air patrols during the same time period.

Target:
90 per cent of detected wildfires are reported within five minutes by lookout tower or air

Results:

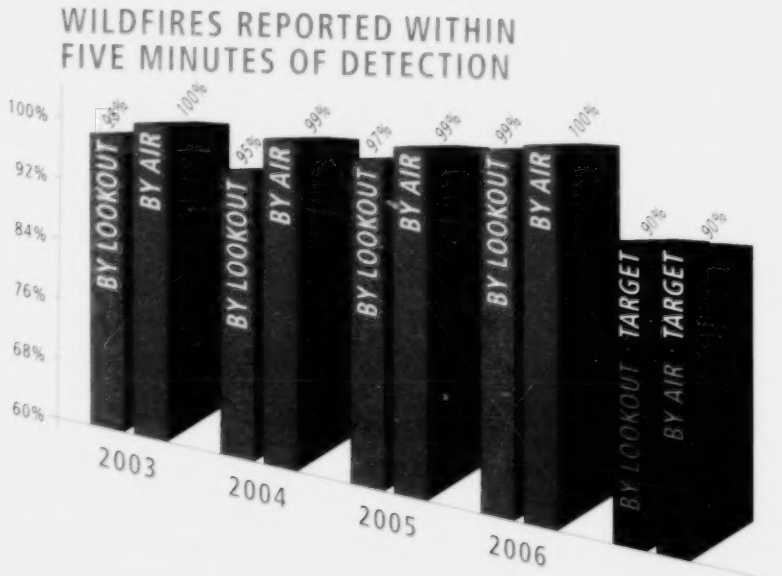
	2004 Actual	2005 Actual	2006 Actual
2a) Detected wildfires reported within 5 minutes:			
By Lookout Towers	95%	97%	99%
By Air	99%	99%	100%

Source: Fire Information Resource System (FIRES)

Note: Performance data is based on wildfires occurring between April 1 and October 31 in the Forest Protection Area

Analysis:
Early discovery and prompt reporting of wildfires is essential to suppression efforts, as it allows for rapid deployment of initial action resources.

The 2006 results for detecting wildfires within five minutes (99 per cent by lookout and 100 per cent by air) were well above the 90 per cent target. The results indicate that personnel responsible for the reporting of wildfires are properly trained, aware of the importance of quick reporting, and following the standard operating procedure.



MEASURE
Response

METHODOLOGY
Alberta uses a computer decision model, the Spatial Fire Management System, which collectively takes into account forest fuels, topography and fire weather to provide initial fire action and support resource deployment strategies to fight wildfires. This measure's results are calculated as a percentage of all wildfires in which firefighting began at two hectares or less and department resources provided the initial response.

Performance Measures

Target:

90 per cent of wildfires are actioned before they reach 2.0 hectares in size

Results:

	2004 Actual	2005 Actual	2006 Actual
2b) Wildfires actioned before they reach 2.0 hectares in size	93%	92%	93%

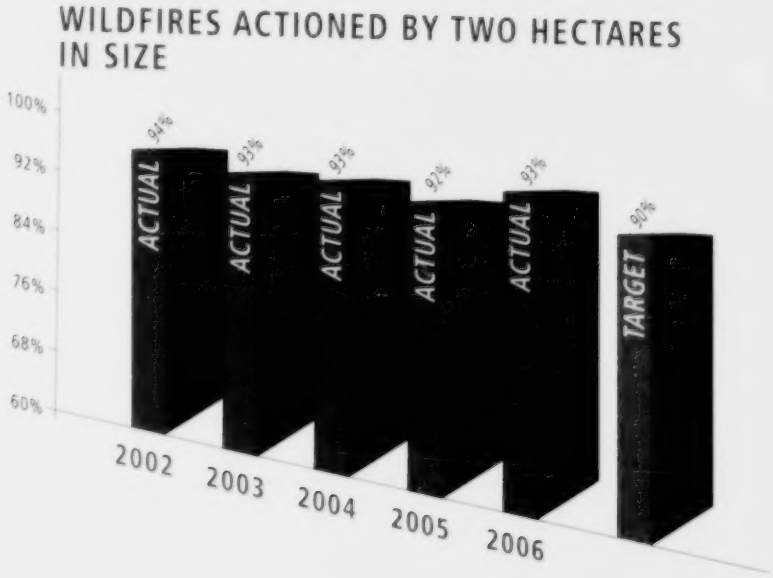
Source: Fire Information Resource System (FIRES)

Note: Performance data is based on wildfires occurring between April 1 and October 31 in the Forest Protection Area

Analysis:

This performance measure reports how successfully Sustainable Resource Development achieves its objective of timely and effective initial action on reported wildfires within the Forest Protection Area. Data are gathered during the legislated fire season from April 1 to October 31.

The Department was successful in actioning 93 per cent of wildfires by the time they reached 2.0 hectares in size, exceeding the target of 90 per cent. This result is similar to the previous year. The results demonstrate the Department's commitment to fighting wildfires in their initial stages to reduce damage and loss.



MEASURE
Detection

Target:
90 per cent of detected wildfires are reported within five minutes by lookout tower or air

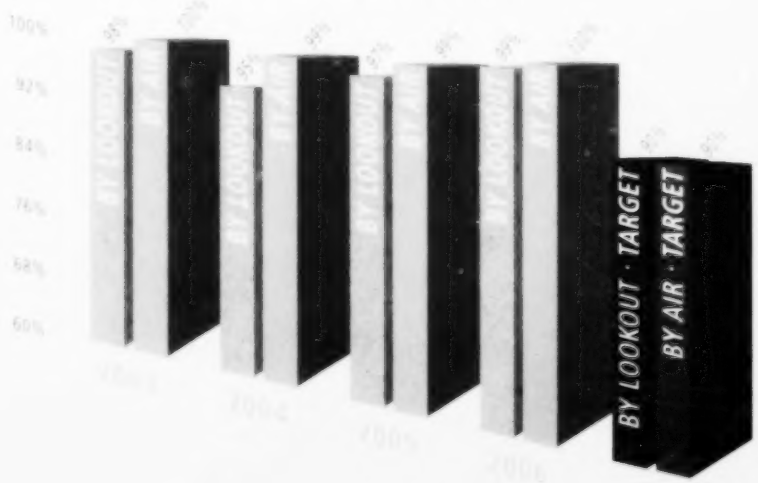
METHODOLOGY

Results:

	2004 Actual	2005 Actual	2006 Actual
2a) Detected wildfires reported within 5 minutes:			
By Lookout Towers	95%	97%	99%
By Air	99%	99%	100%

Analysis:
Early discovery and prompt reporting of wildfires is essential to suppression efforts, as it allows for rapid deployment of initial action resources.

The 2006 results for detecting wildfires within five minutes (99 per cent by lookout and 100 per cent by air) were well above the 90 per cent target. The results indicate that personnel responsible for the reporting of wildfires are properly trained, aware of the importance of quick reporting, and following the standard operating procedure.



Performance Measures

MEASURE
Response

METHODOLOGY

Target:
90 per cent of wildfires are actioned before they reach 2.0 hectares in size

Results:

	2004 Actual	2005 Actual	2006 Actual
2b) Wildfires actioned before they reach 2.0 hectares in size	93%	92%	93%

Analysis:

This performance measure reports how successfully Sustainable Resource Development achieves its objective of timely and effective initial action on reported wildfires within the Forest Protection Area. Data are gathered during the legislated fire season from April 1 to October 31.

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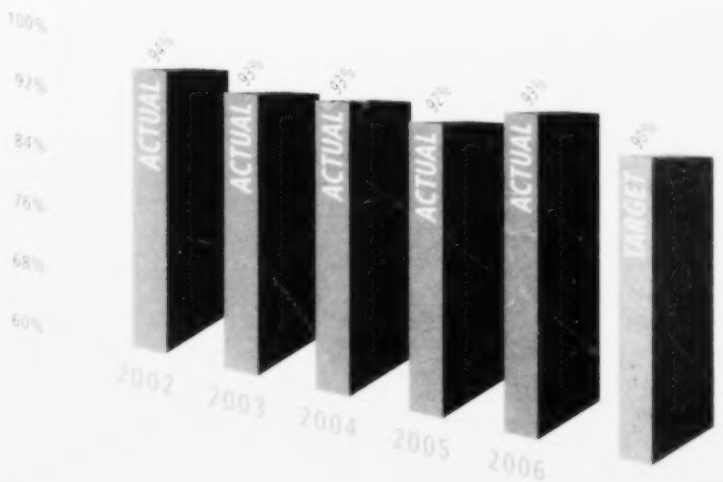
WILDFIRES ACTIONED BY TWO HECTARES IN SIZE



Performance Measures

MEASURE
Containment and Suppression

Target:
90 per cent of wildfires contained by 4.0 hectares in size and 85 per cent of wildfires contained within the first burning period

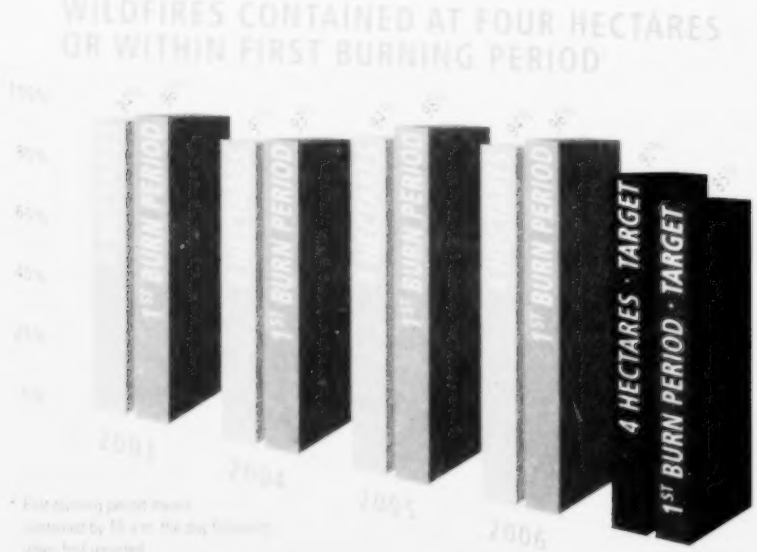
METHODOLOGY

Results:

	2004 Actual	2005 Actual	2006 Actual
2c) Wildfires contained by 4.0 hectares in size	91%	94%	94%
Wildfires contained within first burning period (before 10 a.m. the day following detection)	93%	98%	96%

Analysis:
This performance measure reports how successfully Sustainable Resource Development contains wildfires in the critical initial stages before they reach 4.0 hectares in size or within the first burning period.

The containment and suppression results were well above the targets and are similar to the previous year's results.



MEASURE

Containment and Suppression

METHODOLOGY

Quickly controlling wildfires that escape initial attack is crucial, not only to minimize fire loss, but also to reduce suppression costs. Escaped wildfires in areas where Albertans' values are at risk—including communities, natural assets, and developments like oil and gas infrastructure—are rapidly supplied with additional human resources via ground and aerial transport, heavy equipment, and airtanker support. The aim is to contain these fires by 4.0 hectares in size and in the first burning period (by 10 a.m. the day following detection).

Response results compare the size of the wildfires that are contained at 4.0 hectares or less against all wildfires during the same time period.

Response results also compare wildfires that are contained within the first burning period against all wildfires during the same time period.

Performance Measures

Target:

90 per cent of wildfires contained by 4.0 hectares in size and 85 per cent of wildfires contained within the first burning period

Results:

	2004 Actual	2005 Actual	2006 Actual
2c) Wildfires contained by 4.0 hectares in size	91%	94%	94%
Wildfires contained within first burning period (before 10 a.m. the day following detection)	93%	98%	96%

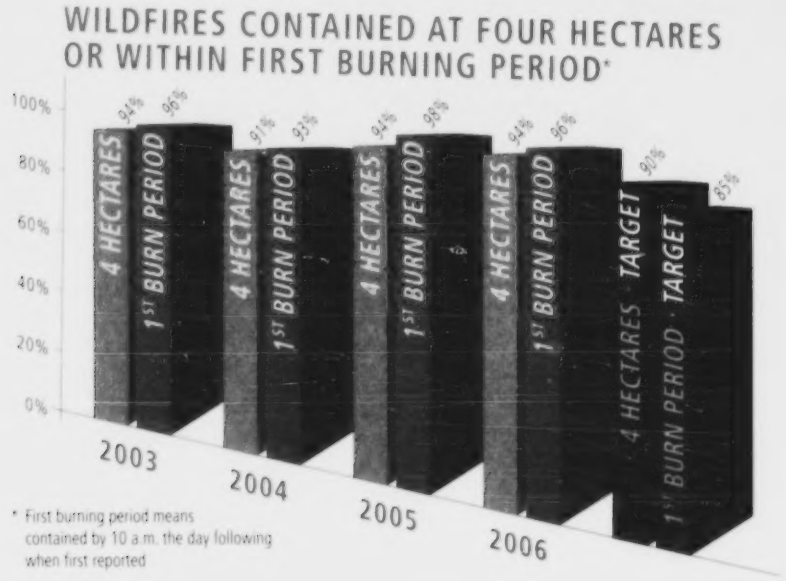
Source: Fire Information Resource System (FIRES)

Note: Performance data is based on wildfires occurring between April 1 and October 31 in the Forest Protection Area

Analysis:

This performance measure reports how successfully Sustainable Resource Development contains wildfires in the critical initial stages before they reach 4.0 hectares in size or within the first burning period.

The containment and suppression results were well above the targets and are similar to the previous year's results.



Goal 3: Alberta's forests and forest landscapes support healthy ecosystems and vibrant communities

Results:

STRATEGY 3.1

Provide a clear, balanced approach to forest and forest landscape management through a policy, legislative and regulatory framework that optimizes the benefits Albertans receive from forests and forest lands.

- Adopted a new forest management planning standard that enables the province to better manage Alberta's forests for sustainability. Implemented after extensive stakeholder consultation and public comment, the new standard sets out requirements for forest management plans prepared by companies working on provincial public land.
- Developed a contingency plan to deal with potential emergencies that could negatively impact seed storage and supply at the Provincial Seed Centre. Tree seed is carefully controlled to ensure the right seed is used for reforestation to produce the same type of trees that were harvested.
- Modified the Alberta Regeneration Information System's (ARIS) audit procedures and implemented processes and procedures to improve data quality. ARIS is a computer system the Ministry uses to monitor reforestation in the province.
- Produced the Interpretive Bulletin for Planning Mountain Pine Beetle Response Operations and modified operating ground rules to help the forest industry manage the current mountain pine beetle infestation and reduce the risk of future infestations.

STRATEGY 3.2

Manage infestations of insects, disease and weed pests in Alberta's forests through effective detection and management strategies that recognize shared responsibility with industry, and municipal and federal governments.

- Hosted the Alberta Mountain Pine Beetle Summit on May 26 and 27 in Calgary to discuss issues related to mountain pine beetle management and the potential impacts to Alberta's pine forests. The summit was attended by about 250 representatives from municipal and provincial government, First Nations, private industry and non-government organizations.
- Established a Minister's Advisory Committee representing a wide cross-section of stakeholders to provide input and advice on issues related to managing mountain pine beetle in Alberta.
- Surveyed pine tree stands for mountain pine beetle infestation, which has significantly increased from 19,000 trees to more than 3 million.
- Treated infested areas with a variety of tools including prescribed burning, harvesting, single-tree treatments (cut and burn and cut and peel), and preventative thinning and removal of highly susceptible stands.
- Provided 16 municipalities with $5.3 million through the Mountain Pine Beetle Municipal Grant Program to help municipalities manage mountain pine beetle on land within their municipalities.
- Developed and managed the 310-BUGS information line allowing Albertans to report possible mountain pine beetle infestations.

STRATEGY 3.3

Ensure sustainable forest management through adaptive forest management planning and practices by government and industry, coupled with appropriate compliance, assurance and reporting mechanisms.

- Reviewed six forest management agreements between the government and forest companies. These agreements grant companies with rights and obligations to manage, grow, and harvest timber in a specific area on a sustained yield basis.

STRATEGY 3.4

Encourage leading practices in stewardship in Alberta's forests through education, outreach and monitoring.

- Supported the diversification and expansion of Alberta's forest economy by visiting Japan and Korea.
- Sent 17 junior forest wardens to Japan as part of an ongoing commitment with the All Japan Junior Green Friends Federation to educate young people about the environment.
- Partnered with Foothills Model Forest to participate in the Smithsonian Folklife Festival in Washington, DC, from June 30 to July 11, 2006. Three junior forest ranger representatives attended the festival and participated in the exhibit on forest management practices in Alberta.
- Hosted the first spring camp for junior forest rangers to promote the summer program. This was a three-day camp that gave young Albertans a chance to learn about the Junior Forest Ranger Program, a paid summer work experience program that provides youth (ages 16 to 18) with the opportunity to learn about forest protection, integrated land management, wildlife management and other aspects of the Ministry's business in a hands-on manner.
- Hired 15 Aboriginal junior forest ranger crews.
- Signed memorandums of understanding with six aboriginal communities to participate in the Aboriginal Junior Forest Ranger Program.
- Hosted numerous summer camps and year-round programming at the Long Lake Outdoor Education Centre. The camps focus on stewardship, leadership, and natural resource education for participants aged eight to 24. The centre also provides year-round programming for Junior Forest Wardens, an educational program emphasizing respect for the environment and developing leadership and team-building skills.
- Organized the Minister-for-a-Day event on October 17, 2006, that provided youth with an opportunity to work on a current natural resource management issue. Five students and their supervisors participated in a day of activities that included a legislature tour complete with activities and photos in the Minister's office, one-on-one meetings with the Minister, and a trip to Prince George or Grande Prairie to witness the effects of and evaluate potential solutions to mountain pine beetle infestations.
- Took over administration of the Arbour Day Program from Alberta Environment, ensuring that tree seedlings continue to be distributed to grade one students across the province along with *Outdoors It's Yours* activity books and Native Trees of Alberta brochures. The program emphasizes stewardship and conservation.
- Handled more than 800 inquiries regarding forest management and timber permits in the Ministry's Information Centre.

Performance Measures

MEASURE
Timber Allocation

METHODOLOGY
Annual allowable cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area. Recreation areas, wildlife reserves and stream buffers are excluded from the AAC calculation. The AAC is determined on either an individual forest management unit or a specific forest management agreement area basis.

Information is compiled in an ACCESS database to determine the total figure for the entire province. Data from the Timber Production and Revenue System are used to determine the harvest level. Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest levels because it does not contribute to the AAC. A five-year rolling average is used to report the provincial AAC and harvest levels.

Target:

Harvest does not exceed the annual allowable cut.

Results:

Year Ending March 31	2003-04 Actual	2004-05 Actual	2005-06 Actual
3a) Gap between forest harvest and the annual allowable cut in millions of cubic metres	5	4	5

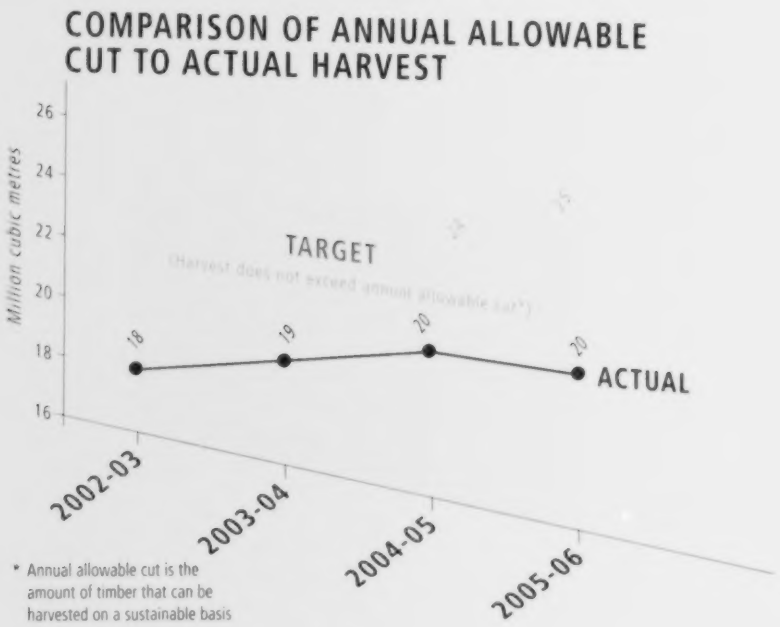
Source: Timber Production and Revenue System (TPRS) and Ministry files

Note: There is a one year delay in reporting these data. A five-year rolling average is used for annual allowable cut and harvest data because this better reflects how harvest volumes are regulated.

Analysis:

This measure reflects the Department's ability to manage Alberta's timber resources in a sustainable manner. It indicates the status of Alberta's timber stocks by comparing the actual annual timber harvest with the annual amount of timber allowed to be cut in the forested portion of the province. The annual allowable cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area.

The target was met. The most recent available results for 2005-06 indicate that the actual timber harvest (20 million cubic metres) was five million cubic metres below the approved annual allowable cut (25 million cubic metres).



MEASURE
Forest Sustainability

METHODOLOGY
The measure is calculated using the date forest management plans are approved, the land area they encompass, and the total forested area under management by the Department. The average age of all forest management plans is calculated according to the area of a forest management unit (FMU, an administrative unit of forest land designated by the Minister, as authorized under Section 14(1) of the *Forests Act*). The larger the FMU, the greater the weighting used toward calculating the overall age of management plans. Forest management agreement holders who have not yet developed their plans are considered to be approved as of 1986.

Performance Measures

Target:

Average age of approved forest management plans will be less than eight years.

Results:

Year Ending March 31	2004-05 Actual	2005-06 Actual	2006-07 Actual
3b) Average age of approved forest management plans in years	6	5	6

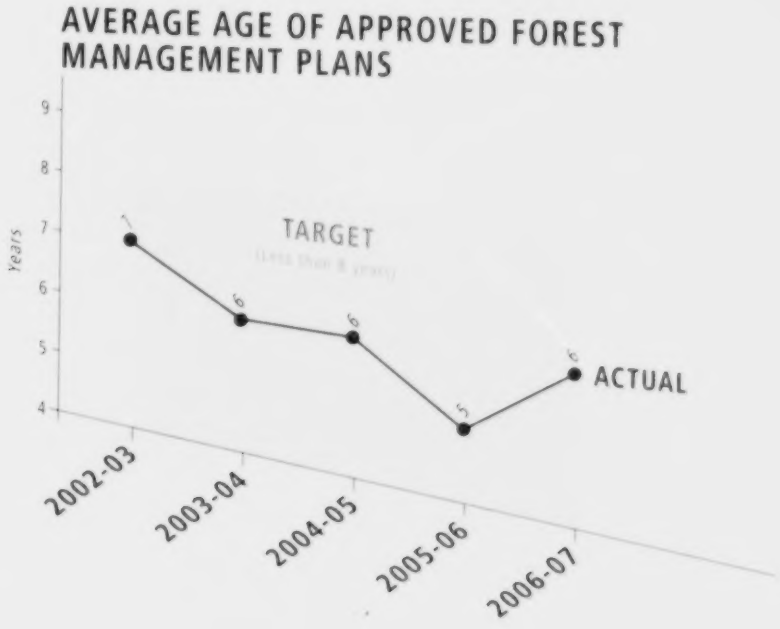
Source: Department files

Note: Companies that have a forest management agreement (FMA) are required to develop forest management plans. Non-FMA holders may file forest management plans and if they did, the plans were included in the results.

Analysis:

Alberta's forested land-base is continually changing through both natural processes and industrial activities. Forest management plans are developed using the latest data and research, while balancing current economic, environmental and social considerations. This measure reflects the Department's efforts to ensure that forest management plans are kept up-to-date. Regularly revising forest management plans ensures stewardship of Alberta's Forest Protection Area.

The results exceeded the target by two years in 2006-07. The slight increase in average age from the previous year can be attributed in part to the soft lumber market and companies' cost reduction strategies impacting forest management planning.



MEASURE
Reforestation Rate in Harvested Areas

A measure of reforestation rate targeted to be greater than 80 per cent in harvested areas was introduced in 2005-08 following a preliminary review of sample data. During collection of 2005-06 actual results, the Ministry determined more work was required to ensure the data collected from the field was correctly entered into the Alberta Regeneration Information System (ARIS). Therefore, no results are being reported for this reforestation measure for 2006-07, as further work to improve data to support this measure is currently underway.

During 2006-07, Sustainable Resource Development developed and implemented an action plan to respond to Auditor General's recommendations for improving ARIS and initiated a review of the reforestation performance measure. In 2006-07, the Department completed a review that included a comprehensive reforestation monitoring component that will be risk based (concentrated in higher risk areas) and seek to optimize the benefit from the program. Going forward in 2007-08, the Department will have received two complete cycles of performance surveys and will use this data to review the appropriateness of the reforestation measure.

Goal 4: Alberta's forests support a competitive and sustainable forest sector

Results:

STRATEGY 4.1
Support the forest industry with increasing knowledge and research capacity required to expand opportunities for value-added processing.

- Partnered with the Alberta Forest Products Association (AFPA) to investigate global market competitiveness challenges facing the province's forest sector. Results included the report *Forest Industry Competitiveness: Recommendations for Enhancing Alberta's Business Model* and another report on short-term initiatives to assist the forest industry, while a longer-term strategy is developed. Short-term initiatives included: updating the current timber dues system, delaying changes to how timber is weighed for one year, providing incentives for participating in fire control agreements, consulting with industry before imposing any new costs, establishing a transition committee to guide implementation of recommendations, and addressing hauling issues.
- Provided significant input to the *National Report on Forest Industry Competitiveness* tabled at the Canadian Council of Forest Ministers in October.
- Collaborated with Advanced Education and Technology to complete a study that identified strategies to stimulate development of a bio-economy throughout the province, especially in rural communities.
- Worked on 80 competitiveness research topics with the forest industry, Forintek (the national research institute for the Canadian wood products industry), and the Forest Engineering Research Institute of Canada.

- Developed workplans with forest industry suppliers and the Loggers Association to expand the forest industry service sector in Alberta. The plans promote development of new Alberta-based service companies that provide materials and services currently provided by companies outside Alberta.
- Assisted the Alberta Forest Products Association (AFPA) to expand and develop its offshore market opportunities for Alberta lumber producers. Diversifying markets helps keep Alberta's forest industry competitive.
- Helped expand the Alberta Woodworks Program that promotes using wood products from Alberta's forest industry in non-residential building construction.

STRATEGY 4.2

Work with International, Intergovernmental and Aboriginal Relations and other jurisdictions to resolve the softwood lumber trade dispute.

- Followed the Softwood Lumber Agreement that Canada and the United States entered into on October 12, 2006. This agreement, while settling the litigation, introduced export measures that constrain Alberta's forest sector shipments of softwood lumber to the United States. The agreement also specified that more than $4 billion dollars of duties collected by the United States during the dispute be refunded to Canadian lumber exporters. It is estimated that exporters of lumber originating in Alberta received approximately eight to nine per cent of this total or approximately $350 million.
- Worked with the federal government and other jurisdictions to harmonize Softwood Lumber Agreement procedures and develop the regulations and associated notification procedures for any program or policy changes that occur in Alberta.
- Established an export monitoring centre to advise industry on the status of exports on a monthly basis to help ensure compliance with the export management requirements under the Softwood Lumber Agreement.

STRATEGY 4.3

Ensure Albertans receive an economic return for use of fibre produced on forested public lands that is consistent with the valuation of the resources.

- Worked with the forest industry to address mountain pine beetle infestations and the future health of Alberta's pine forests.
- Reviewed timber fees paid to the province with respect to current market conditions.
- Worked with the Alberta Forest Products Association regarding global market competitiveness challenges.

Performance Measures

MEASURE
Timber Revenue

METHODOLOGY
Results reported are calculated using timber royalties paid during the preceding fiscal year. To facilitate comparison between years and smooth the effect of a continuous and uneven payment stream, the base for the calculation is a three-year rolling average of timber royalties owed to the Province, less unpaid timber royalties determined to be uncollectible and written off in accordance with provincial financial policies.

Target:
99.5 per cent of timber royalties owed to the province are collected

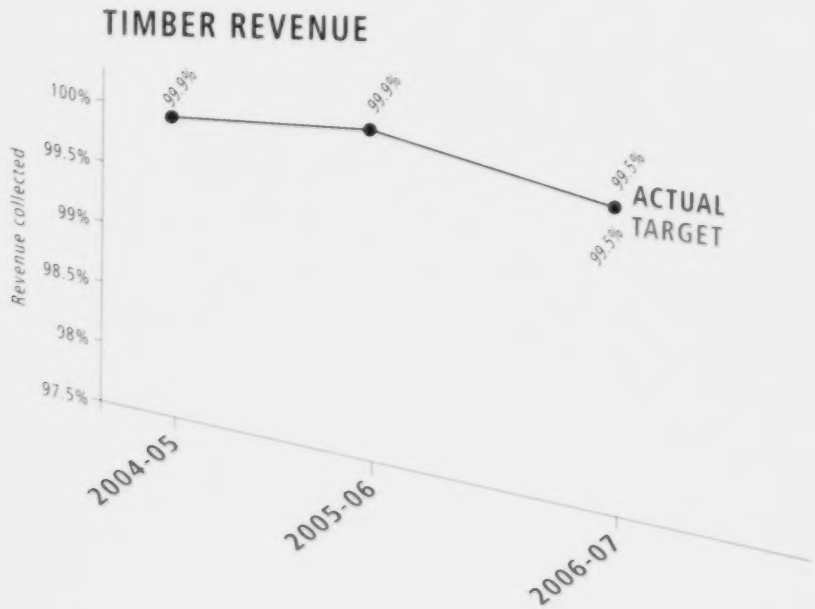
Results:

Year Ending March 31	2004-05 Actual	2005-06 Actual	2006-07 Actual
4a) Percentage of timber royalties owed to the province collected	99.9%	99.9%	99.5%

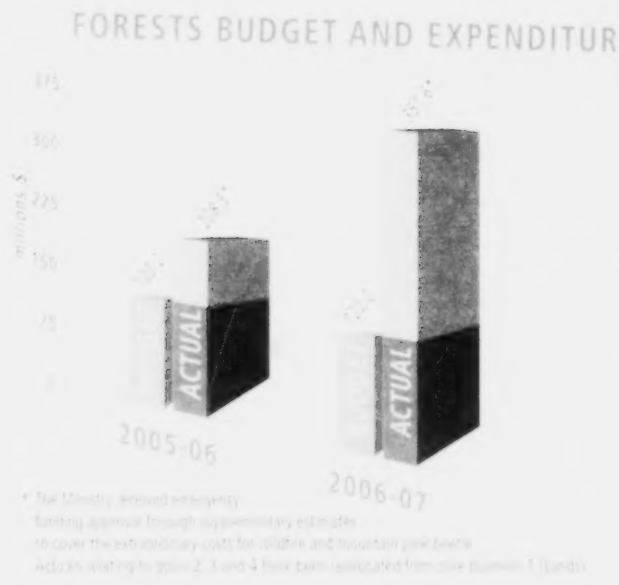
Source: Department files

Note: Royalties owed are calculated as revenue collected plus a three-year rolling average of debt written off

Analysis:
This measure was intended to monitor the Department's collection of timber revenue on behalf of the Province. A review of the data concluded that this measure provided limited information given the very small variations (a tenth of a per cent) between years. The majority of the variation each year was attributed to the accumulation of uncollected revenue over several fiscal periods being written off in a single reporting year. As a result of this measure's limited value, it was eliminated from the Ministry's 2007-10 business plan.

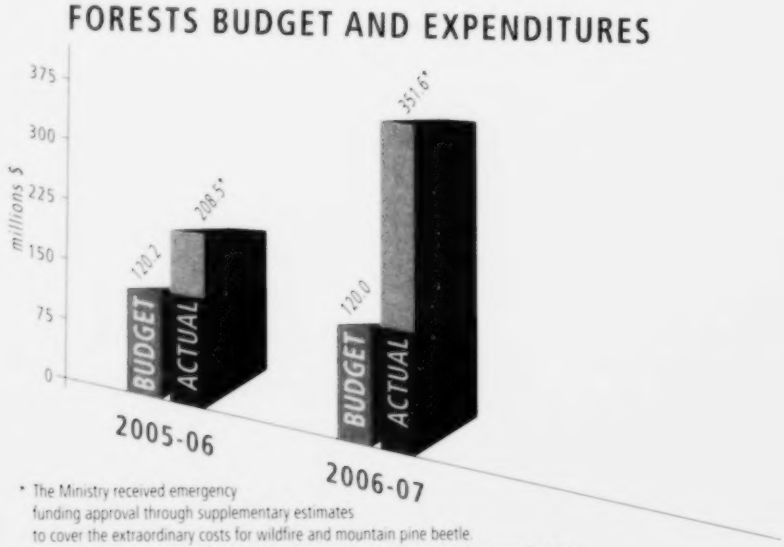


Financial Information for Goals 2, 3 and 4 Supporting Core Business 2



The expenditures for Forests were $351.6 million in 2006-07, significantly above the allocated budget of $120 million. The extra expenditures were necessary to cover the cost of fighting wildfires throughout the province and managing mountain pine beetle in Alberta forests.

Financial Information for Goals 2, 3 and 4 Supporting Core Business 2



* The Ministry received emergency funding approval through supplementary estimates to cover the extraordinary costs for wildfire and mountain pine beetle.
Actuals relating to goals 2, 3 and 4 have been reallocated from core business 1 (Lands).

The expenditures for Forests were $351.6 million in 2006-07, significantly above the allocated budget of $120 million. The extra expenditures were necessary to cover the cost of fighting wildfires throughout the province and managing mountain pine beetle in Alberta forests.

Core Business Three – Fish and Wildlife

Goal 5: Alberta's fish and wildlife resources and their habitats are healthy, productive and sustainable

Results:

STRATEGY 5.1

Provide a clear, balanced approach to fish and wildlife management through a policy, legislative and regulatory framework that optimizes the benefits Albertans receive from these resources.

- Released the Fish Conservation Strategy for Alberta 2006-10 following consultations with representatives of the fishing public, industry and others. The strategy describes the vision, goals and guiding principles for provincial fisheries management and fish conservation for the next five years. It also outlines some strategic approaches that provincial fisheries staff will take regarding fish stocking, habitat conservation, fish population surveys, public education and outreach, development of additional opportunities to harvest fish, and domestic, recreational and commercial use of Alberta's fisheries resource.
- Implemented a new sportfishing licensing initiative for Albertans to harvest walleye from recovering fish populations currently restricted to catch-and-release fisheries. The two-year pilot program involved Pigeon, Wolf and Newell lakes.
- Introduced regulations to license competitive fishing events involving more than 25 registered participants. The goal is to promote tournament practices that sustain Alberta's fish populations.
- Expanded monitoring and assessment of fish populations and fisheries to conserve the natural resource. Spawning, index netting, and population surveys were undertaken to learn more about fish populations in the province.
- Expanded historical fisheries data in the Fisheries Management Information System for eventual Internet access by Albertans.
- Developed the legislative framework for the 2006 fishing season, which resulted in approximately 238,000 recreational sportfishing licences being sold to persons between 16 and 65 years of age.
- Provided land managers with information to ensure wildlife considerations are addressed when appropriate land use is decided.
- Changed the regulations governing the operation of aquaculture facilities within portions of the province previously off limits for these operations. Amendments included allowing the use of grass carp as well as allowing facilities that can rear a wider range of fish species within previously restricted areas.

STRATEGY 5.2

Ensure Albertans receive benefits from consumptive and non-consumptive uses of wild species.

- Provided a wide range of game-hunting opportunities for nearly 105,000 hunters. This is a record for the last nine years and an increase of more than 5,000 (including an increase of nearly 200 youth hunters), compared to the previous year.
- Received a record number of draw applications in 2006-07, with approximately 213,000 applications received, representing an increase of 8,600 over 2005-06.
- Stocked more than 300 water bodies with approximately 28 million fish, of which 3.5 million were trout species in partnership with the Alberta Conservation Association.

ALBERTA'S FISH AND WILDLIFE RESOURCES AND THEIR HABITATS ARE HEALTHY, PRODUCTIVE AND SUSTAINABLE

- Re-activated the provincial walleye stocking program in the spring of 2006 to accelerate the recovery of walleye in Lac La Biche.
- Operated two spring spawning camps at Primrose and Lesser Slave lakes resulting in more than 22.5 million walleye stocked into Lac La Biche and half a million into Sylvan Lake. Initial reports indicate that these stockings were successful and fry experienced good growth. In addition, adult walleye from Mildred Lake were relocated to Lac La Biche.
- Initiated renovations to the Sam Livingston Fish Hatchery in Calgary to accommodate the new Bow Habitat Station and its exhibits.
- Developed technology that results in sterile fish suitable for stocking in waters previously restricted to rainbow, brown and brook trout.
- Completed the seventh survey of national recreational fishing in Canada. The survey covered the 2005 period and reported approximately 300,000 Albertans actively fished 3.3 million days and contributed over $440 million to the Alberta economy.
- Sold approximately 238,000 fishing licences in 2006. Hunting and fishing contributed to generating social and economic benefits for Alberta valued at more than $1 billion.
- Compensated 126 commercial fishermen for leaving the fishing industry in an effort to conserve Alberta's fish. The program cost $1.6 million in 2006, leaving just under 180 licensed commercial fishermen in operation as of March 31, 2006.
- Provided $350,000 to the Conservation Education W.I.S.E. Foundation to increase public education and commitment to wildlife conservation.
- Provided $150,000 to assist in the work of the Alberta Fish and Game Association for long-term protection of wildlife habitat in Alberta ecosystems, conservation and sustainable agricultural practices, and public education on wise use of fish and wildlife resources.
- Treated all cormorant colonies on Lac La Biche and two surrounding water bodies, in addition to work on Winefred Lake, to reduce the number of birds available to prey on recovering fish populations.
- Upgraded the recreational hunting and fishing licensing system to offer online information to Alberta hunters and anglers about draw applications and licences (www.albertarelm.com).

STRATEGY 5.3

Encourage leading practices in habitat conservation, maintain up-to-date management plans and implement species-at-risk initiatives through expanded partnerships with conservation agencies, industries, government and academia.

- Strengthened the Ministry's partnership with the Alberta Conservation Association by developing a new memorandum of understanding and nine supplemental program agreements. The memorandum of understanding defines the roles and responsibilities of the association in its activities as a delegated administrative organization for the Minister of Sustainable Resource Development. It also ensures that the funds the association receives through levies on recreational hunting and fishing licences are spent effectively.
- Provided more than $700,000 for and participated in creating and enhancing waterfowl and wetland habitat in the prairie, parkland and boreal fringe areas through the Alberta North American Waterfowl

Management Plan Partnership. This program accounted for over $16 million of investment in habitat conservation, improving economic and environmental values at the local landowner level.

- Worked in partnership with the Foothills Model Forest and provided $440,000 for a DNA census of grizzly bears in the foothills and mountain areas between highways 1 and 3 in southwestern Alberta that saw samples collected from 86 grizzly bears. This census is being conducted to establish population estimates for conservation purposes. An additional $200,000 was provided to Foothills Model Forest to initiate a research program aimed at developing techniques to assess grizzly bear population health.
- Delivered the Woodland Caribou Recovery Plan through: operation of the Alberta Caribou Committee involving industry, government and stakeholders; work on the West Central Landscape team and planning for two additional landscape teams to determine approaches for caribou recovery; support and input to the National Caribou Strategy; work on caribou/pine beetle management issues including approaches to harvest and road management.
- Helped release nine new caribou calves to the Little Smoky herd north of Hinton through a cooperative effort to bolster caribou populations. This initiative involved protecting pregnant caribou cows inside a fenced area within their wooded home range during the calving period.
- Completed the recovery plan for the shortjaw cisco and made major progress on provincial plans for St. Mary's sculpin, western silvery minnow, swift fox, and ferruginous hawk, as well as provincial management plans for long-toed salamander and long-billed curlew.
- Completed population assessments on deer, moose, elk, bighorn sheep, mountain goat, bison, pronghorn and caribou for management purposes.
- Participated in the survey to determine the general status of wild species in Alberta that was released in 2006, providing the status for 2,811 species. More than 95 per cent of Alberta's wild species are considered healthy and sustainable.

STRATEGY 5.4

Maintain high levels of compliance and ensure timely and effective responses to non-compliance with fish and wildlife legislation by delivering appropriate public education and outreach, prevention and enforcement programs and monitoring the use of fish and wildlife resources.

- Checked more than 67,500 people for compliance with fisheries and wildlife legislation.
- Responded to nearly 3,500 complaints of illegal activities related to fisheries and wildlife legislation.
- Took nearly 6,000 enforcement actions as a result of those compliance checks and investigations of complaints.
- Participated in court proceedings that led to convictions for illegal commerce in black bear parts and walleye, and for the illegal trade of eagle parts, which were being used to meet the demands of the lucrative market for ceremonial costumes.
- Handled more than 1,000 inquiries about hunting and fishing in Alberta in the Ministry's Information Centre.

STRATEGY 5.5

Minimize adverse human-wildlife interactions resulting in threats to human safety or property damage by providing assistance and information to landowners and the general public.

- Responded to more than 11,500 Albertans who contacted Department staff for advice or assistance about problems or concerns with wildlife. There were five wildlife attacks on humans in 2006-07: one incident involved a grizzly bear and four involved coyotes.
- Launched the Alberta BearSmart Program to help reduce conflict between humans and bears by increasing education and awareness of bear behaviour and taking steps to reduce the likelihood of this conflict. Action included bear aversion tactics in the Canmore area and intercept feeding in the Pincher Creek area (intercept feeding prevents wildlife damage to feed and grain piles by using scare devices and repellents, and providing alternate food sources). The Department also introduced an agricultural component to the program to raise bear awareness among farmers, ranchers and beekeepers. Two new Karelian bear dogs were also purchased to double the Department's number of service dogs that help fish and wildlife officers modify bear, cougar and moose behaviour to prevent dangerous encounters.
- Provided information at outreach events in municipal parks and attended trade shows to help raise public awareness about coyotes and teach residents how to avoid conflicts with humans and pets. Working relationships were also enhanced with municipal services in Edmonton and Calgary to further deliver this information.
- Secured $1 million in supplemental funding through the Intercept Feed and Fencing program to address the most severe winter ever for ungulate damage to producers' stored animal feed supplies.
- Provided three seasonal officers to patrol the Rocky Mountain House, Nordegg and Grande Cache areas to educate users, and to prevent and detect fisheries and wildlife infractions. Funding for this Streamwatch Partnership was provided by Trout Unlimited, the energy industry, Lethbridge Community College and private individuals.

STRATEGY 5.6

Detect, diminish and manage threats from wildlife diseases and invasive alien species through collaborative mechanisms with appropriate stakeholders.

- Expanded ongoing surveillance programs for Chronic Wasting Disease (CWD) in deer in eastern Alberta. Four deer tested positive for the disease among over 3,000 heads submitted through the hunter surveillance program. The additional cases of CWD highlighted the need for a targeted response program, so the Department was successful in securing $1.1 million in supplemental funding to plan and implement a winter CWD control program in the the same areas. Herd reduction activities to limit the spread of CWD were conducted in March 2007, resulting in 12 more positive deer from 1,850 heads collected.
- Completed the wild bird surveillance program for West Nile virus in September 2006. A total of 114 dead birds were received for testing, with 12 testing positive for the virus: nine crows, two magpies and one blue jay.
- Tested 83 birds for avian influenza in conjunction with Alberta Agriculture and Food. None of the deadly influenza strain seen in Europe, Asia, and Africa was found in Alberta (nor in North America).

ALBERTA'S FISH AND WILDLIFE RESOURCES AND THEIR HABITATS ARE HEALTHY, PRODUCTIVE AND SUSTAINABLE

STRATEGY 5.7

Consult Albertans on biodiversity as part of the Land-use Framework.

STRATEGY 5.8

Maintain and protect the province's aquatic ecosystems by delivering the Ministry's commitment to Water for Life: Alberta's Strategy for Sustainability.

- Began engaging stakeholders and the public on basic biodiversity questions through consultations on the Land-use Framework.
- Completed the Alberta Biodiversity Monitoring Program Prototype Project with federal government and resource industry partners and laid the groundwork for delivery of an operational program through an arms-length organization.
- Provided strategic and technical support such as specialists on instream flow needs (the quantity of water that must remain in a river or stream to either protect aquatic or shoreland ecosystems or satisfy human activities), fisheries science expertise, and geospatial data (maps). The Ministry also provided support to provincial partnerships such as the Alberta Water Council, as well as numerous regional groups, such as watershed planning and advisory councils.
- Began developing an analytical and reporting tool for measuring fish community health, or the degree to which a fish community has been affected by human activity.
- Refined the desktop method for determining instream flow needs for watercourses where there is little or no flow information. This allows a water conservation objective to be set without having to wait for detailed data, which takes significant effort and resources to collect.
- Developed a geospatial coding system for Alberta streams to provide an electronic means of establishing watercourse information (e.g., if fish passage is blocked or if there has been a toxic spill).

MEASURE
Healthy Sustainable Wildlife Populations

METHODOLOGY
The general status ranking for each wild species in Alberta is based on: population size, population dispersion, population distribution, trend in population, trend in distribution, threats to populations, and threats to habitat. The ranks are: At Risk, May be at Risk, Sensitive, Secure, Not Assessed, Exotic/Alien, Extirpated/Extinct, Accidental/Vagrant. Every five years, these rankings are reviewed by species experts from government, industry, academia, and the general public.

Performance Measures

Target:

Less than five per cent of Alberta species will be rated as at risk in a general status of wild species assessment

Result:

Year Ending December 31	2000 Actual	2005 Actual
5a) Percentage of species at risk	1.4%	2.2%

Source: Department files

Note: The general status of wild species is being evaluated by Ministry staff on a continuous basis. Wild species populations change relatively slowly; therefore, the general status of wild species is summarized and reported every five years, starting in 2000.

Analysis:

The general status of Alberta wild species is conducted to honour commitments under the Accord for the Protection of Species at Risk, an agreement by provincial, territorial, and federal ministers responsible for wildlife. The Accord commits the parties to "monitor, assess, and report regularly on the status of all wild species," with the objective of identifying those species that may be in trouble, those for which more information is needed, or those for which a formal status assessment or additional management attention is necessary.

As a performance measure, the Department uses the results of the General Status of Alberta Wild Species report, and expresses the number of wild species that are "at risk" as a percentage of all those assessed. The most recent result is from 2005, which showed that the percentage of species at risk increased in 2005 relative to 2000. This occurred primarily because several species were assessed by Alberta's Endangered Species Conservation Committee and were found to be either Endangered or Threatened. The increase, therefore, is more a reflection of enhanced efforts at assessment rather than deteriorating status for most species.

Performance Measures

MEASURE
Benefits from Wild Species

METHODOLOGY
The volume of non-consumptive users of wild species in Alberta is calculated using a public opinion poll consisting of two questions based on a poll developed by Statistics Canada in the study *The Importance of Nature to Canadians*. A telephone survey was administered by Ipsos Reid to 801 adult Albertans within households randomly selected across Alberta. The sample was drawn in proportion to the populations of five regions (Calgary, Edmonton, Northern Alberta, Central Alberta and Southern Alberta) based on information from Statistics Canada's 2006 census data. The number of respondents who answered "yes" to either of the survey questions is divided by the total number of respondents polled. This percentage is then multiplied by the number of adult Albertans to obtain the result. The results are considered to be accurate to within ±3.5 per cent, at the 95 per cent confidence level.

Target:
1.1 million Albertans 18 years of age or older derive non-consumptive benefits from wildlife

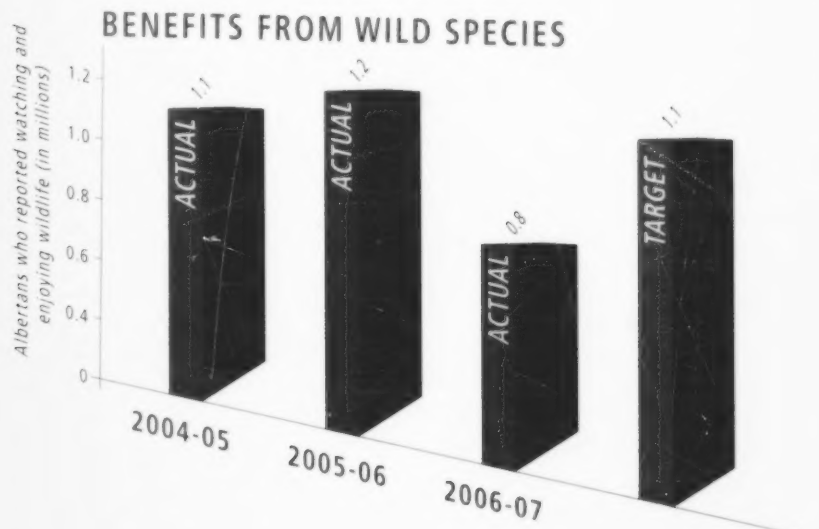
Result:

Year Ending March 31	2004-05 Actual	2005-06 Actual	2006-07 Actual
5b) Albertans who reported watching and enjoying wildlife (millions)	1.1	1.2	0.8

Source: Annual surveys conducted by Ipsos Reid

Note: In the Department's 2006-09 business plan, results and targets were reported in percentages. For easier comparison between years, the results are stated here as a count of positive responses to survey questions instead of percentages.

Analysis:
This measure is intended to quantify the appreciation Albertans have for and the benefits they derive from non-consumptive use of wildlife. The 2006-07 target was not met. After reviewing the accumulated data for the past three years, a cause for the observed reduction in the number of Albertans who reported watching and enjoying wildlife was not quantifiable. It is likely that several external factors such as rising fuel costs during the preceding year and recent growth in Alberta's adult population have had a negative influence on the measure's results. It is also possible that changing the date the survey was conducted from the fall to the spring of 2007 may demonstrate that respondents are being influenced by their seasonal activities. As a result, the Department is reviewing the results and the methodology for this measure.



ALBERTA'S FISH AND WILDLIFE RESOURCES AND THEIR HABITATS ARE HEALTHY, PRODUCTIVE AND SUSTAINABLE

Performance Measures

MEASURE
Benefits from Wild Species

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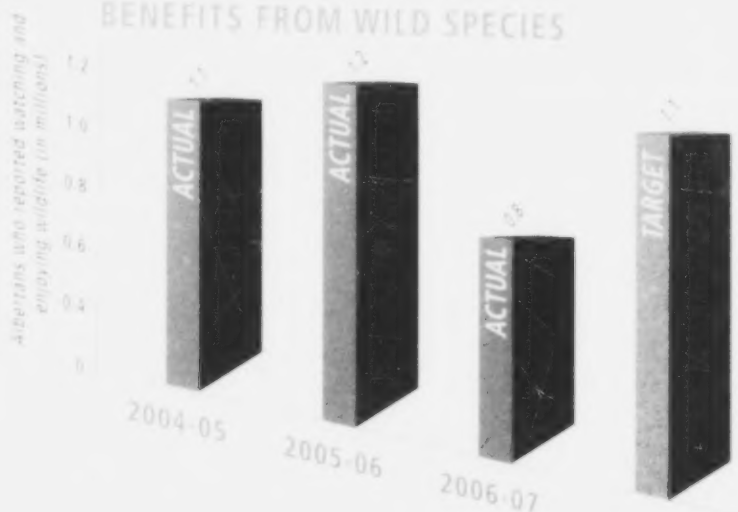
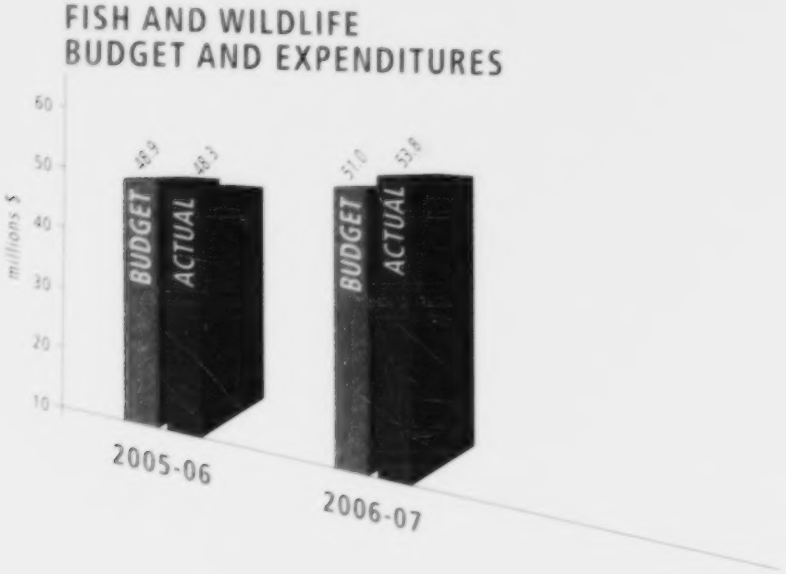


Financial Information for Goal 5 Supporting Core Business 3



The Department spent $53.8 million in 2006-07 for fish and wildlife, which is slightly higher than the $51.0 million allocated. 2006-07 expenditures were 11.4 per cent higher than 2005-06 due to recruitment of additional fish and wildlife officers and chronic wasting disease costs.

Core Business 4 *– Land, Access and Compensation Boards*

Goal 6: Timely and impartial decisions on resource development and confined feeding operations are made in the public interest

STRATEGY 6.1

Ensure resources are available to undertake *Natural Resources Conservation Board Act* reviews in a timely fashion.

- Recruited a new board chairman and chief executive officer to address recommendations from a board review the previous year.
- Conducted an orientation session for new and existing board members to ensure readiness to serve on upcoming review panels.
- Consulted with Alberta Environment and the Alberta Energy and Utilities Board on improving the efficiencies of the integrated review process.
- Activated the NRCB's shared services agreement with the Energy and Utilities Board for additional technical expertise for the review of the Birch Mountain Resources Ltd., Hammerstone Quarry Project application.

STRATEGY 6.2

Support an efficient process by enhancing communications with stakeholders to ensure all participants understand the *Natural Resources Conservation Board Act* review process.

- Revised the guide to the process used for reviews under the *Natural Resources Conservation Board Act*. The guide is a key communications tool for stakeholder involvement that will be finalized in 2007.

STRATEGY 6.3

Improve the *Natural Resources Conservation Board Act* review process through solicited feedback.

- Consulted with regulatory partners, Alberta Environment and the Alberta Energy and Utilities Board, to better streamline integrated review processes.

STRATEGY 6.4

Facilitate, in coordination with Alberta Agriculture and Food, an effective confined feeding operation extension program.

- NRCB approval officers worked closely with the three Alberta Agriculture and Food confined feeding operation extension specialists in Morinville, Red Deer and Lethbridge. The specialists were hired by Alberta Agriculture and Food in 2006-07.
- Included these new extension specialists in NRCB meetings during the fall 2006 groundwater training in Lethbridge.
- Referred applicants to extension specialists, as appropriate, and arranged for joint meetings to facilitate information flow.
- Updated a series of stakeholder publications about confined feeding operation regulations with Alberta Agriculture and Food to reflect changes to legislation that came into effect in October 2006.

STRATEGY 6.5

Streamline the confined feeding operations application process to reduce delays in issuing decisions.

- Developed and implemented a new, streamlined application process following consultation with the Policy Advisory Group, a multi-stakeholder advisory committee established by the NRCB in fall 2006. The Policy Advisory Group involves representatives from the confined feeding industry, the Alberta Association of Municipal Districts and Counties, non-government environmental groups, Alberta Environment and Alberta Agriculture and Food.

TIMELY AND IMPARTIAL DECISIONS ON RESOURCE DEVELOPMENT AND CONFINED FEEDING OPERATIONS ARE MADE IN THE PUBLIC INTEREST

- Held three consultation meetings with the Policy Advisory Group to invite input and suggestions on policy related to the application process.
- Developed and implemented new, plain language documents including guides, simplified forms and new public notification materials to support the revised application process, in consultation with the Policy Advisory Group.

STRATEGY 6.6

Increase the use of facilitation and mediation to resolve confined feeding operations issues.

- Developed a mediation policy for the NRCB.
- Used informal and formal mediation on numerous occasions to resolve issues handled by approval officers and inspectors.

STRATEGY 6.7

Implement a risk-based approach to confined feeding operation complaint response with priority where there is a potential for environmental risk.

- Established a protocol to rank responses to odour complaints in conjunction with Alberta Infrastructure and Transportation. It collects information on complaints related to odour and refers them to the on-call inspector or, if the call is not urgent, to the appropriate NRCB field office. Odour complaint information is analyzed and the results are used to priorize odour complaint responses.
- Consulted with the Policy Advisory Group about a risk assessment tool for inspectors to assess the potential of environmental risk. The tool will be finalized in 2007-08 in consultation with scientific and industry experts.

STRATEGY 6.8

Issue right-of-entry orders to energy companies permitting activity on private or public lands.

- Issued 321 right-of-entry orders permitting energy activity on private and public lands.

STRATEGY 6.9

Determine compensation for right-of-entry and review compensation throughout the lifetime of the energy activity.

- Recruited a new chair for the Surface Rights Board and Land Compensation Board, who also serves as chief executive officer, to address recommendations from board reviews the previous year.
- Recruited a Director responsible for leading, managing and administering the boards' hearing and adjudication processes, as issued by the chair.
- Issued 106 compensation orders on first requests for right-of-entry to land for energy activity. This involved managing a significant increase in right-of-entry applications within the legislated time frame (up to double the volume received in the same time period the previous year).
- Issued 26 orders resulting from regular reviews of compensation every five years per Section 27 of the *Surface Rights Act*. This is double the applications usually received for regular review under Section 27 and is the result of increased industry activity and rising public expectations.

STRATEGY 6.10

Settle disputes and determine compensation for damages arising from energy activities.

- Issued seven orders regarding compensation for damages arising from energy activities.
- Responded to a large volume of stakeholder requests for information regarding damage-related issues.
- Scheduled, heard and decided disputes regarding compensation for damages in accordance with legislative requirements.

TIMELY AND IMPARTIAL DECISIONS ON RESOURCE DEVELOPMENT AND CONFINED FEEDING OPERATIONS ARE MADE IN THE PUBLIC INTEREST

STRATEGY 6.11

Recommend payment of compensation to landowners where operators default.

- Administered the Recovery of Annual Rental Grant Program pursuant to Section 36 of the *Surface Rights Act*. The board processed claims and recommended Alberta's Minister of Finance make 299 payments to landowners for payments on which operators defaulted.
- Issued orders where appropriate terminating operators' rights to access land for energy activities pending payment of outstanding compensation.

STRATEGY 6.12

Assess compensation amounts payable to landowners.

- Scheduled, heard and decided 41 applications for compensation totalling nearly $1 million during 2006-07 within legislated timeframes.
- Implemented a merit-based recruitment competition for board members resulting in the appointment of six new members representing a broad cross-section of the province.
- Researched and evaluated legislative changes allowing alternatives to the hearing process including Alternate Dispute Resolution.
- Designed and conducted professional development sessions for board members to enhance the quality of decision-making.
- Issued 30 orders suspending operators' rights to access land for energy activities for 30 days pending payment of outstanding compensation.
- Issued 26 orders terminating operators' rights to access land for energy activities unless outstanding compensation is paid and regular payments resumed.
- Issued five orders cancelling termination orders because outstanding compensation was paid and regular payments resumed.

STRATEGY 6.13

Enhance public awareness and openness of Land Compensation Board proceedings by developing an information website and online access to board decisions.

- Commenced a program to modernize board systems to more effectively meet stakeholder needs by:
  - designing an enhanced web site to provide easy access to relevant information.
  - reviewing options for a modern information-technology system to effectively handle increased activity volumes and reduce risk to board processes.
  - developing options for re-engineering business processes to streamline and improve existing systems.

TIMELY AND IMPARTIAL DECISIONS ON RESOURCE DEVELOPMENT AND CONFINED FEEDING OPERATIONS ARE MADE IN THE PUBLIC INTEREST

MEASURE

Natural Resources Conservation Board Act Reviews

METHODOLOGY

To calculate the percentage result for this measure, staff identify the number of decisions released that met the target and divide this by the total number of decisions. For example, if three decisions are released, but only two are released within 80 working days, the result would be $^2/_3$ = 66 per cent.

Performance Measures

Target:

100 per cent of decisions issued within 80 days of the conclusion of the review

Results:

Year Ending March 31	2004-05 Actual	2005-06 Actual	2006-07 Actual
6a) Percentage of decisions issued within 80 working days of the conclusion of the review	No data available	100%	No data available

Source: Natural Resources Conservation Board files

Note: The Manager of Board Reviews confirms with the panel chair whether or not the record is complete, and the review has concluded. No reviews were concluded during the 2006-07 fiscal year, so there are no results available in this fiscal year to measure.

Analysis:

The Board ensures that where development occurs, it is within the overall public interest, having considered the social, economic, and environmental impact of proposed projects. The NRCB's goal is to ensure that reviews of proposed non-energy natural resource projects are effective and efficient. The corresponding target set for 2006-07 was to ensure that 100 per cent of decisions were issued within 80 working days following conclusion of the review.

The NRCB received new applications within the 2006-07 fiscal year; however, none of the reviewable applications reached the "decision release" stage in the board's process. Since the NRCB did not issue any decision reports during 2006-07 fiscal year, the data necessary for measuring performance against the target is not available.

Performance Measures

MEASURE

Agricultural Operation Practices Act Applications

METHODOLOGY

Applications for approvals, registrations and authorizations are entered into the Confined Feeding Operations (CFO) database. Each application that is determined to be complete and has had a decision issued is captured on a monthly, quarterly and annual basis. The information in the database is used to determine the number and percentage of applications that are issued permits within 50 working days of being determined to be complete.

Target:

85 per cent of decisions issued within 50 days of all application requirements being met

Results:

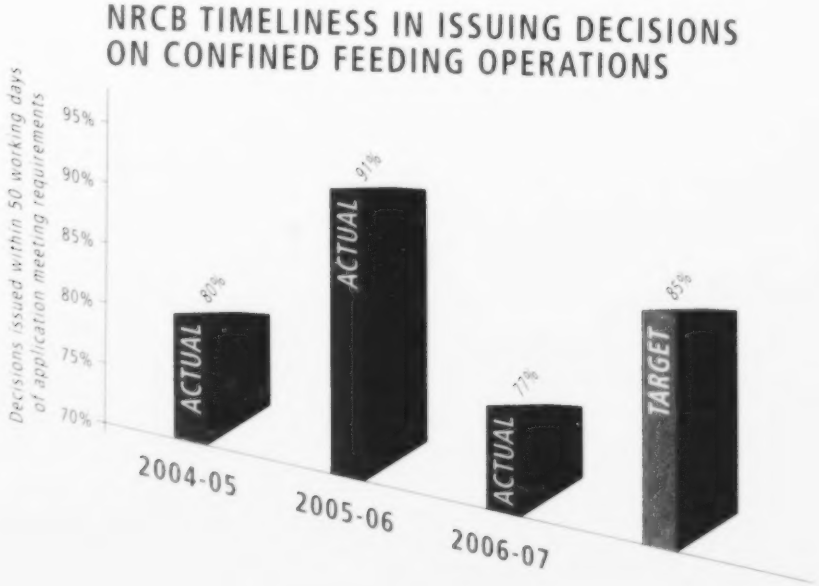
	2004-05 Actual	2005-06 Actual	2006-07 Actual
6b) Percentage of decisions issued within 50 working days from the date the application is complete	80%	91%	77%

Source: Natural Resources Conservation Board files

Note: In 2006-07, the methodology changed to allow 50 days instead of 22 days to complete an application. To be deemed complete means NRCB staff have reviewed the application and all requirements for filing an application under the *Agricultural Operation Practices Act* and all applicable regulations have been met.

Analysis:

The 2006-07 target was not achieved as the application process and response timelines changed part way through the year in conjunction with changes made to the *Agricultural Operation Practices Act* regulations. If these changes are factored out, the target would have been achieved.



Performance Measures

MEASURE

Agricultural Operation Practices Act Compliance

METHODOLOGY

The NRCB employs a confined feeding operations database to collect information on complaints received. This information is inputted on a daily basis by the field inspection staff and verified by a compliance analyst. The data presented represents the time interval between when the complaint was received and the date when the file was concluded and closed.

Target:

90 per cent of complaint files are resolved or require no further action within 90 days

Results:

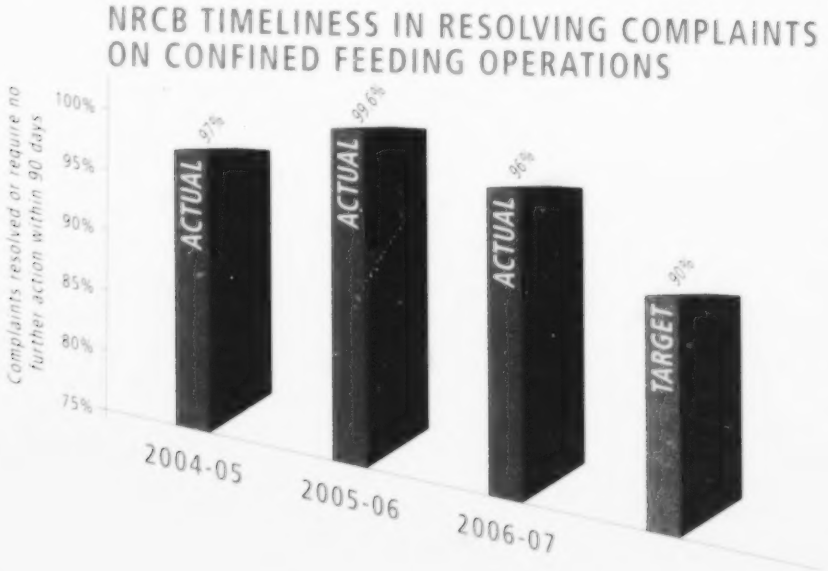
Year Ending March 31	2004-05 Actual	2005-06 Actual	2006-07 Actual
6c) Percentage of complaint files resolved or requiring no further action within 90 days	97%	99.6%	96%

Source: Natural Resources Conservation Board files

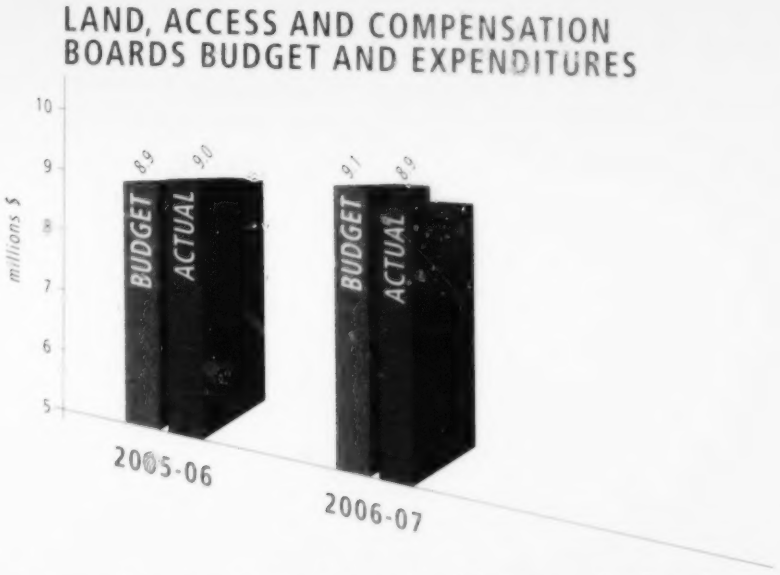
Note: The target was increased from 80 per cent to 90 per cent in the 2006-09 business plan.

Analysis:

The Natural Resources Conservation Board exceeded the 2006-07 target for this measure. The results were comparable to and consistent with previous years' findings. The results show that the numbers of complaints received are being effectively dealt with by the board.



Financial Information for Goal 6 Supporting Core Business 4



The overall expenditure on the Land Access and Compensation Boards was $0.2 million lower than the allocated budget of $9.1 million. This is a result of decreased grant funding for landowner claims where companies have defaulted or disputed payment for surface land access.

FUTURE CHALLENGES

Environmental Trends: Mountain pine beetles are threatening the health of Alberta's forests. An unprecedented flight of these beetles into northwestern Alberta in July 2006 resulted in a significantly higher number of beetle-infested trees than expected. This is in addition to the gradual encroachment of beetles from British Columbia. Aggressive action must be taken to protect the health of Alberta's forests and forest industry. Outbreaks of pests such as spruce budworm also require aggressive strategies.

Climate change is an overarching environmental influence that will impact current natural-disturbance patterns such as pest outbreaks, wildfires, droughts and floods. Although no one has complete control over such natural environmental conditions that may impact forest health, land use, and biodiversity, the Department will increasingly need to adopt adaptation strategies into planning and management approaches to minimize negative consequences.

Managing Growth Pressures: Alberta's strong economy is fueling rapid industrial and commercial development on public land. The volume of disposition approvals to use public land combined with the complexity of integrating all the activities on the land is increasing the need for more planning and consultation. At the same time, Albertans require access to public land for a wide spectrum of recreation activities (e.g., hunting, fishing, nature appreciation, and off-road vehicle use).

Forest Industry Competitiveness: The value of the Canadian dollar, global market pressures, and increased energy and transportation costs are affecting the competitiveness of Alberta's forest products industry. North American housing markets are beginning to slow, and this trend is continuing to reduce markets for Alberta wood products.

Resource development will continue to be a vital part of the Alberta economy. To support their economic viability and growth, many industries (oil and gas, forestry, agriculture, tourism) require increasing and secure access to public land and its associated natural resources. This means that large volumes of disposition applications will need to be processed.

Meeting growing demands from industry and stakeholders for timely and relevant information is becoming more and more challenging. There is a widening gap in the levels of demand for knowledge/information and the age/relevance of the data.

Building Organizational Capacity: Alberta employers are facing challenges in attracting qualified workers to fill job vacancies and retain existing employees. Whether retaining senior staff or hiring seasonal workers for wildfire or mountain pine beetle operations, Sustainable Resource Development faces the same recruitment and retention challenges as other Alberta employers in this province's tight job market.

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Financial Overview

Revenue

Revenues collected for premiums, fees and licenses were $32.0 million lower than the prior year and $27.4 million lower than budget. The net overall decrease was primarily due to decreased timber dues revenue, which resulted from the declining solid wood product prices. 2006-07 solid wood product prices are now at a 10-year low, and dues rates are 67 per cent lower than 2005-06.

Other Revenue

The 2006-07 revenue is lower than 2005-06 due to a one time payment received in 2005-06 related to a Fire Claim Settlement Agreement.

Wildfire Management – Wildfire Emergency

Wildfire activity continued to increase costs above the budgeted amount. Wildfire activity resulted in a $111.5 million increase over 2005-06 as well as a $192 million increase over budget. An emergency was declared which allowed access to emergency funding of $201 million.

Financial Process

During the 2006-07 fiscal year, the department pursued a number of financial initiatives:

- Continued to redefine the budget and forecast process to remove redundancies and ensure open and transparent communication within and throughout the various divisions of the department.
- Began the process of moving the revenue system to IMAGIS. This change will provide a more integrated approach to the financial reporting and make full use of the government standard system of IMAGIS.
- Continued to revise financial polices and procedures to ensure best practices and that recommendations of the Auditor General are implemented to strengthen internal controls and mitigate risk.

AUDITOR GENERAL *Alberta*

Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Sustainable Resource Development as at March 31, 2007 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 6, 2007

Consolidated Statement of Operations

Year Ended March 31, 2007

(in thousands)

	2007 Budget (Schedule 4)	2007 Actual	2006 Actual restated (Note 11)
Revenues			
Transfers from Government of Canada	$ 4,093	$ 5,905	$ 5,241
Investment Income	2,625	5,408	3,721
Premiums, Fees and Licences	148,960	121,512	153,495
Other Revenue	5,198	5,149	19,073
	160,876	137,974	181,530
Expenses (Schedule 1)			
Wildfire Management	77,397	269,442	157,963
Natural Resources and Public Land Management	140,022	180,675	128,968
Land, Access and Compensation Boards	9,077	8,852	9,040
Ministry Support Services	9,987	9,256	8,057
Environment Statutory Programs	3,725	2,066	3,457
	240,208	470,291	307,485
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	(56)	327
Provision for Vacation Pay	400	526	891
	1,055	470	1,218
	241,263	470,761	308,703
Gain on Disposal of Tangible Capital Assets	4,000	3,542	1,984
Net Operating Results	$ (76,387)	$ (329,245)	$ (125,189)

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

March 31, 2007

	(in thousands) 2007	2006 restated (Note 11)
ASSETS		
Cash (Note 3)	$ 161,950	$ 211,595
Accounts Receivable (Note 4)	13,627	25,891
Inventories	4,739	4,949
Tangible Capital Assets (Note 5)	215,966	185,774
	$ 396,282	$ 428,209
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 51,552	$ 32,873
Unearned Revenue	41,886	39,742
	93,438	72,615
NET ASSETS		
Net Assets at Beginning of Year	355,594	302,117
Net Operating Results	(329,245)	(125,189)
Net Transfer from General Revenues	276,495	178,666
Net Assets at End of Year	302,844	355,594
	$ 396,282	$ 428,209

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2007

(in thousands)

	2007	2006 restated (Note 11)
Operating Transactions		
Net Operating Results	$ (329,245)	$ (125,189)
Non-cash items included in Net Operating Results		
Amortization	6,911	5,863
Loss (Gain) on Disposal of Tangible Capital Assets	(3,542)	(1,984)
Valuation Adjustments	470	1,218
	(325,406)	(120,092)
Decrease (Increase) in Accounts Receivable	12,320	(3,385)
Decrease (Increase) in Inventories	210	48
Decrease (Increase) in Advances	-	1
Increase (Decrease) in Accounts Payable and Accrued Liabilities	18,153	484
Increase (Decrease) in Unearned Revenue	2,144	4,846
Cash Provided by (applied to) Operating Transactions	(292,579)	(118,098)
Capital Transactions		
Purchase of Tangible Capital Assets	(37,141)	(14,736)
Proceeds from Disposal of Tangible Capital Assets	3,686	2,284
Transfer of Tangible Capital Assets from Other Government Entities	(106)	(2,089)
Cash Provided by (applied to) Capital Transactions	(33,561)	(14,541)
Financing Transactions		
Net Transfer from General Revenues	276,495	178,666
Increase (decrease) in Cash	(49,645)	46,027
Cash, Beginning of Year	211,595	165,568
Cash, End of Year	$ 161,950	$ 211,595

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY

The Minister of Sustainable Resource Development has been designated as responsible for various Acts by the Government Organization Act and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which the organizations operate is also listed. Together, these organizations form the Ministry of Sustainable Resource Development (the Ministry).

Organization	Authority
The Department of Sustainable Resource Development	*Government Organization Act* *Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairie Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act*
Environmental Protection and Enhancement Fund	*Environmental Protection and Enhancement Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The Ministry's core businesses are:

Wildfire Management – protects the multiple benefits received from forests within the Forest Protection areas of the province to prevent and suppress wildfire.

Natural Resources and Public Land Management – combines the efforts of all divisions towards achieving the goal of sustaining the benefits Albertans receive from their natural resources and public lands.

Land, Access and Compensation – is the purview of the Ministry's three boards, which are guided by specific legislation that provide them with their mandates. The **Natural Resources Conservation Board** conducts independent public reviews of projects that may affect natural resources of Alberta and also regulates new or expanding confined feeding operations. The **Surface Rights Board** conducts hearings when an operator and landowner or an occupant fail to reach an agreement regarding the entry or compensation related to resource activity on privately owned, or occupied public lands. The **Land Compensation Board** is responsible for policies and procedures for situations where a landowner's property is expropriated by a public authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies which have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Ministry of Sustainable Resource Development, for which the Minister of Sustainable Resource Development is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

These financial statements include activities of the Department of Sustainable Resource Development, the Environmental Protection and Enhancement Fund, and the Natural Resources Conservation Board. The financial statement of the Department of Sustainable Resource Development includes the activities of Surface Rights and the Land Compensation Boards.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of Treasury Board, use the excess revenue to fund additional expenses of the program.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs which comprise the cost of employer contributions for current service of employees during the year;
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 3.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Donated tangible capital assets are recorded at fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values for these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to return disturbed land to an equivalent use, i.e. reclamation. When the Ministry is obligated to incur such liabilities, a reclamation liability is accrued based on management's best estimates. Where an environmental liability cannot be estimated, the nature of the liability and its potential effect on the Ministry's financial statements is disclosed.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

NOTE 3 CASH

(in thousands)

Cash mainly consists of a deposit in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. At March 31, 2007, securities held by the CCITF have an effective market yield of 4.36% per annum (March 31, 2006, 3.95% per annum).

	2007	2006
CCITF Cash	$ 157,324	$ 206,623
Cash in Transit	2,121	2,998
Other Cash	2,505	1,974
	$ 161,950	$ 211,595

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2007			2006
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 16,637	$ 3,010	$ 13,627	$ 25,891

Accounts Receivable are unsecured and interest bearing at various rates.

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land	Buildings	Equipment	Computer Hardware and Software	Other	2007 Total	2006 Total
Estimated Useful Life	Indefinite	40 years	3 - 15 years	5 - 10 years	5 - 40 years		
Historical Cost**							
Beginning of year	$ 119,234	$ 32,548	$ 40,618	$ 18,354	$ 69,067	$ 279,821	$ 263,923
Additions	113	13,651	14,200	2,702	6,606	$ 37,272	16,708
Disposals, including write-downs		(252)	(63)	(112)	(4)	$ (431)	(809)
	$ 119,347	$ 45,947	$ 54,755	$ 20,944	$ 75,669	$ 316,662	$ 279,822
Accumulated Amortization							
Beginning of year	$ -	$ 14,685	$ 10,299	$ 10,300	$ 58,765	$ 94,049	$ 88,813
Amortization Expense	-	736	2,531	1,732	1,912	6,911	5,863
Effect of disposals	-	(112)	(43)	(109)	-	(264)	(628)
	$ -	$ 15,309	$ 12,787	$ 11,923	$ 60,677	$ 100,696	$ 94,048
Net Book Value at March 31, 2007	$ 119,347	$ 30,638	$ 41,968	$ 9,021	$ 14,992	$ 215,966	
Net Book Value at March 31, 2006	$ 119,235	$ 17,863	$ 30,319	$ 8,055	$ 10,302		$ 185,774

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, heavy, mobile and fire protection equipment, vehicles and furniture.

Other consists of land improvements; aircraft and aircraft engines; and highways and roads (consists of original pavement, roadbed, drainage works and traffic control devices).

***Historical cost includes work-in-progress at March 31, 2007 totaling $32,616 comprised of: building-$13,465; land improvements-$4,941; equipment-$11,795; and computer hardware and software-$2,415.*

NOTE 6 ENVIRONMENTAL LIABILITIES

At March 31, 2007, the Ministry was investigating the extent of work and costs required on all sites for which it may have reclamation obligations.

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

	2007	2006
Service Contracts	$ 86,252	$ 37,367
Long-term leases	5,801	6,336
Grants	125	1,700
	$ 92,178	$ 45,403

The aggregate amounts payable for unexpired terms of these contractual obligations are as follows:

	Service Contract	Leases	Grants	Total
2008	$ 35,324	$ 3,066	75	$ 38,465
2009	19,434	1,778	50	21,262
2010	7,958	814	-	8,772
2011	4,419	143	-	4,562
2012	-	-	-	-
Thereafter	19,117	-	-	19,117
	$ 86,252	$ 5,801	$ 125	$ 92,178

NOTE 8 CONTINGENT ASSETS AND LIABILITIES

(in thousands)

At March 31, 2007 the Ministry is a defendant in twenty one legal claims (2006 – twenty legal claims). Seventeen of these claims have specified amounts totaling $1,030,207 and the remaining four have no specified amounts (2006 – eighteen claims with specified amounts totaling $10,633,994 and two with no specified amounts). Included in the total legal claims are five claims totaling $618,000 and one claim with no specified amounts (2006 – nine claims totaling $10,623,320 and one claim with no specified amount) in which the Ministry has been jointly named with other entities. Nine claims totaling $13,701 are covered by the Alberta Risk Management Fund (2006 – seven legal claims totaling $10,558).

The resulting loss, if any, from these claims cannot be determined.

The Ministry is actively involved in various legal claims to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

The Softwood Lumber Products Export Charge Act, 2006 requires the Minister of National Revenue to distribute to provinces revenues from charges collected on softwood lumber exports to the United States, net of costs incurred in the administration of the Act and the Softwood Lumber Agreement (2006 SLA). At March 31, 2007, there was not sufficient information available to determine whether an asset or liability existed for the Ministry with respect to these charges.

NOTE 9 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2007 trust funds under administration were as follows:

	2007	2006
General Trust	$ 16,517	$ 15,237
Junior Forest Ranger Program	-	144
	$ 16,517	$ 15,381

General Trust is comprised of the following funds: Geophysical General Trust, Performance Deposit Trust, Forest Act Securities Trust, and Miscellaneous General Trust.

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes in the amount of $23,737(2006 - $27,260).

NOTE 10 DEFINED BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $8,730* for the year ended March 31, 2007 (2006 – $8,119).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of $6,765 (2005 - $165,895) and the Public Service Pension Plan reported a surplus of $153,024 (2005 – deficiency of $187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of $3,698 (2005 - $10,018).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of $153 (2006 – deficiency of $8,699) and the Management, Opted Out and Excluded Plan an actuarial surplus of $10,148 (2006 - $8,309). The expense for these two plans is limited to employer's annual contributions for the year.

* Represents employers' annual contributions to MEPP, PSPP, and the Supplementary Retirement Plan, and related Fund for Public Service Managers.

NOTE 11 RESTATEMENT OF PRIOR YEARS

(in thousands)

Administrative costs for 2006 have been restated as if the Ministry of Sustainable Resource Development had always been assigned with its current responsibilities.

The costs ($4,195) of certain administrative functions are now the responsibility of the Department of Service Alberta. The Department of Service Alberta continues to provide the Ministry with the services related to these administrative functions, but no consideration is exchanged.

These changes resulted in the 2006 Net Operating Results increasing by $4,195 and the Net Transfer from General Revenues decreasing by $4,195.

NOTE 12 COMPARATIVE FIGURES

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Expenses Directly Incurred Detailed by Object

Year Ended March 31, 2007

Schedule 1

(in thousands)

	2007 Budget	2007 Actual	2006 Actual (restated Note 11)
Salaries, Wages and Employee Benefits	$ 136,044	$ 160,604	$ 142,643
Supplies and Services	78,641	280,629	146,216
Grants	14,039	20,529	11,441
Financial Transactions and Other	52	78	76
Consumption of Inventory	2,600	1,540	1,270
Amortization of Capital Investment	8,832	6,911	5,863
Total Voted Expense Before Recoveries	$ 240,208	$ 470,291	$ 307,509
Less Recovery from Support Service Arrangements with Related Parties (a)	-	-	(24)
	$ 240,208	$ 470,291	$ 307,485
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	$ 655	$ (56)	$ 327
Provision for Vacation Pay	400	526	891
	$ 1,055	$ 470	$ 1,218

(a) The Department provides financial and administrative services to the Ministry of Tourism, Recreation, Parks and Culture (formerly Community Development). Costs incurred by the Department for these services are recovered from the Ministry of Tourism, Recreation, Parks and Culture.

Related Party Transactions

Year Ended March 31, 2007

Schedule 2

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2007	2006 Restated (Note 11)
Revenues		
Fees and Charges	$ 72	$ 255
Expenses - Directly Incurred		
Grants	$ 332	$ 161
Other Services	7,500	7,683
	$ 7,832	$ 7,844
Tangible Capital Assets Transferred	$ 106	$ 2,089
Receivable From	$ -	$ 12
Payable To	$ 89	$ 1,067

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	Other Entities	
	2007	2006 restated (Note 11)
Expenses - Incurred by Others		
Accommodation	$ 18,708	$ 17,917
Air Transportation	17	269
Legal	1,102	1,138
Administration Costs	4,379	4,195
	$ 24,206	$ 23,519

Allocated Costs

Year Ended March 31, 2007

Schedule 3

(in thousands)

	2007								2006
		Expenses – Incurred by Others				Valuation Adjustments			
Program	Expenses (1)	Accommodation Costs	Administration Costs	Air Transportation	Legal Services	Vacation Pay	Doubtful Account $	Total Expenses	Total Expenses
									restated (Note 11)
Wildfire Management	$ 269,442	$ 5,968	$ 2,846	$ 3	$ 118	$ 683	$ (332)	$ 278,728	$ 164,123
Natural Resource and Public Lands Management	180,675	11,262	1,402	-	740	(182)	263	194,160	141,576
Land, Access & Compensation Boards	8,952	579	-	-	-	22	12	9,465	9,589
Ministry Support Services	9,258	699	131	14	244	3	1	10,548	9,108
Environment Statutory Programs	2,066	-	-	-	-	-	-	2,066	3,457
	$ 470,291	$ 18,708	$ 4,379	$ 17	$ 1,102	$ 526	$ (56)	$ 494,967	$ 327,853

(1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.

AUDITOR GENERAL *Alberta*

Auditor's Report

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Department of Sustainable Resource Development as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 6, 2007

Statement of Operations

Year Ended March 31, 2007

(in thousands)

	2007 Budget (Schedule 4)	2007 Actual	2006 Actual restated (Note 12)
Revenues (Schedules 1 and 2)			
Transfer to Environmental Protection and Enhancement Fund	$ (83,253)	$ (59,786)	$ (106,112)
Remission of Surplus from the Environmental Protection and Enhancement Fund	70,998	51,479	95,169
Transfers from Government of Canada	4,093	5,905	5,241
Fees, Permits and Licences	148,960	121,512	153,495
Investment income	15	21	30
Other Revenue	3,747	3,943	17,474
	144,560	123,074	165,297
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	9,987	9,256	8,057
Wildfire Management	65,397	257,442	145,960
Natural Resource and Public Land Management	139,442	180,055	128,390
Land, Access and Compensation Boards	9,033	9,171	9,148
	223,859	455,924	291,555
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	(56)	327
Provision for Vacation Pay	400	526	891
	1,055	470	1,218
Total Expenses	224,914	456,394	292,773
Gain on Disposal of Tangible Capital Assets	4,000	3,542	1,984
Net Operating Results	$ (76,354)	$ (329,778)	$ (125,492)

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

March 31, 2007

(in thousands)

	2007	2006 restated (note 12)
ASSETS		
Cash	$ 6,705	$ 8,162
Accounts Receivable (Note 3)	65,908	121,337
Inventories	4,739	4,949
Tangible Capital Assets (Note 5)	215,806	185,615
	$ 293,158	$ 320,063
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	$ 103,333	$ 79,690
Unearned Revenues	39,080	36,345
	142,413	116,035
NET ASSETS		
Net Assets at Beginning of Year	204,028	150,853
Net Operating Results	(329,778)	(125,492)
Net Transfer from General Revenues	276,495	178,667
Net Assets at End of Year	150,745	204,028
	$ 293,158	$ 320,063

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year Ended March 31, 2007

(in thousands)

	2007 Actual	2006 Actual restated (note 12)
Operating Transactions		
Net Operating Results	$ (329,778)	$ (125,492)
Non-cash Items:		
Amortization	6,868	5,784
Loss (Gain) on Disposal of Tangible Capital Assets	(3,542)	(1,984)
Valuation Adjustments	470	1,218
	(325,982)	(120,474)
Decrease (Increase) in Accounts Receivable	55,485	(46,015)
Decrease (Increase) in Advances	-	1
Decrease (Increase) in Inventories	210	48
Increase (Decrease) in Accounts Payable and Accrued Liabilities	23,118	(5,084)
Increase (Decrease) in Unearned Revenue	2,735	6,111
Cash Provided by (applied to) Operating Transactions	(244,434)	(165,413)
Capital Transactions		
Purchase of Tangible Capital Assets	(37,083)	(14,704)
Proceeds from Disposal of Tangible Capital Assets	3,671	2,284
Transfer of Tangible Capital Assets from other Government Entities	(106)	(2,089)
Cash Provided by (applied to) Capital Transactions	(33,518)	(14,509)
Financing Transactions		
Net Transfer from General Revenues	276,495	178,667
Increase (decrease) in Cash	(1,457)	(1,255)
Cash, Beginning of Year	8,162	9,417
Cash, End of Year	$ 6,705	$ 8,162

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY

The Department of Sustainable Resource Development (the Department) operates under the authority of the Government Organization Act, Chapter G-10, Revised Statues of Alberta 2000. The Department also operates under the authority of the following acts:

Organization	Authority
The Department of Sustainable Resource Development	*Government Organization Act* *Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairie Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The Department's Core businesses are:

Wildfire Management – protects the multiple benefits received from forests within the Forest Protection Area of the province to prevent and suppress wildfire.

Natural Resources and Public Land Management – combines the efforts of all divisions towards achieving the goal of sustaining the benefits Albertans receive from their natural resources and public lands.

The activities of the Surface Rights Board and Land Compensation Board are contained within these financial statements.

The **Surface Rights Board** conducts hearings when an operator and landowner or an occupant fail to reach an agreement regarding entry or compensation related to resource activity on privately owned or occupied public lands.

The **Land Compensation Board** is responsible for policies and procedures for situations where a landowner's property is expropriated by a public authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Department of Sustainable Resource Development, which is part of the Ministry of Sustainable Resource Development (the Ministry) and for which the Minister of Sustainable Resource Development is accountable. Other entities reporting to the Minister are the Environmental Protection and Enhancement Fund and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer (to) from General Revenues is the difference between all cash receipts and all cash disbursements.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers
(in thousands)

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

The Department transfers all revenue received by the Department (excluding Dedicated Revenue) that is in excess of the Department's base revenue of $51,482 to the Environmental Protection and Enhancement Fund. The Environmental Protection and Enhancement Fund transfers any equity in excess of $150,000 to Alberta Finance through the Department of Sustainable Resource Development.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs which comprise the cost of employer contributions for current service of employees during the year;
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees, and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to return disturbed land to an equivalent use, i.e. reclamation. When the Department is obligated to incur such costs, a reclamation liability is accrued based on management's best estimates. Where an environmental liability cannot be estimated, the nature of the liability and its potential effect on the Department's financial statements is disclosed.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Department and its liabilities.

NOTE 3 ACCOUNTS RECEIVABLE

(in thousands)

	2007			2006
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 68,021	$ (3,010)	$ 65,011	$ 120,990
Refund from Suppliers	897	-	897	347
	$ 68,918	$ (3,010)	$ 65,908	$ 121,337

Accounts receivable are unsecured and interest bearing at various rates.

NOTE 4 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land	Buildings	Equipment	Computer Hardware and Software	Other	2007 Total	2006 Total
Estimated Useful Life	Indefinite	40 years	3 - 15 years	5 - 10 years	5 - 40 years		
Historical Cost**							
Beginning of year	$ 119,234	$ 32,548	$ 40,252	$ 17,943	$ 69,067	$ 279,044	$ 263,134
Additions	113	13,651	14,183	2,660	6,606	$ 37,213	16,676
Disposals, including write-downs		(252)	(6)	(3)	(4)	$ (265)	(765)
	$ 119,347	$ 45,947	$ 54,429	$ 20,600	$ 75,669	$ 315,992	$ 279,045
Accumulated Amortization							
Beginning of year	$ -	$ 14,685	$ 10,074	$ 9,906	$ 58,765	$ 93,430	$ 88,230
Amortization Expense	-	736	2,498	1,722	1,912	$ 6,868	5,783
Effect of disposals	-	(112)				$ (112)	(583)
	$ -	$ 15,309	$ 12,572	$ 11,628	$ 60,677	$ 100,186	$ 93,430
Net Book Value at March 31, 2007	$ 119,347	$ 30,638	$ 41,857	$ 8,972	$ 14,992	$ 215,806	
Net Book Value at March 31, 2006	$ 119,235	$ 17,863	$ 30,178	$ 8,037	$ 10,302		$ 185,615

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, heavy, mobile and fire protection equipment, vehicles and furniture.

Other consists of land improvements; aircraft and aircraft engines; and highways and roads (consists of original pavement, roadbed, drainage works and traffic control devices).

***Historical cost includes work-in-progress at March 31, 2007 totaling $32,616 comprised of: building-$13,465; land improvements-$4,941; equipment-$11,795; and computer hardware and software-$2,415.*

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2007	2006
Payable to Environmental Protection and Enhancement Fund	$ 61,349	$ 52,378
Accrued Liabilities	20,716	12,388
Accounts Payable General	8,324	2,507
Vacation Pay	12,944	12,417
	$ 103,333	$ 79,690

NOTE 7 ENVIRONMENTAL LIABILTIES

At March 31, 2007, the Ministry was investigating the extent of work and costs required on all sites for which it may have reclamation obligations.

NOTE 8 CONTRACTUAL OBLIGATIONS

(in thousands)

	2007	2006
Service Contracts	$ 27,016	$ 12,325
Long-term leases	4,751	4,974
Grants	125	1,700
	$ 31,892	$ 18,999

The aggregate amounts payable for unexpired terms of these contractual obligations are as follows:

	Service Contract	Leases	Grants	Total
2008	$ 11,757	$ 2,464	$ 75	$ 14,296
2009	9,530	1,445	50	11,025
2010	1,077	711	-	1,788
2011	827	131	-	958
2012	-	-	-	-
Thereafter	3,825	-	-	3,825
	$ 27,016	$ 4,751	125	$ 31,892

NOTE 9 CONTINGENT ASSETS AND LIABILITIES

(in thousands)

At March 31, 2007 the Department is a defendant in twenty one legal claims (2006 – twenty legal claims). Seventeen of these claims have specified amounts totaling $1,030,207 and the remaining four have no specified amounts (2006 – eighteen claims with specified amounts totaling $10,633,994 and two with no specified amounts). Included in the total legal claims are five claims totaling $618,000 and one claim with no specified amounts (2006 – nine claims totaling $10,623,320 and one claim with no specified amount) in which the Department has been jointly named with other entities. Nine claims totaling $13,701 are covered by the Alberta Risk Management Fund (2006 – seven legal claims totaling $10,558).

The resulting loss, if any, from these claims cannot be determined.

The Department is actively involved in various legal claims to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

The Softwood Lumber Products Export Charge Act, 2006 requires the Minister of National Revenue to distribute to provinces revenues from charges collected on softwood lumber exports to the United States, net of costs incurred in the administration of the Act and the Softwood Lumber Agreement (2006 SLA). At March 31, 2007, there was not sufficient information available to determine whether an asset or liability existed for the Ministry with respect to these charges.

NOTE 10 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

At March 31, 2007 trust funds under administration were:

	2007	2006
General Trust	$ 16,517	$ 15,237
Junior Forest Ranger Program	-	144
	$ 16,517	$ 15,381

General Trust is comprised of the Geophysical General Trust, the Performance Deposit Trust, the Forest Act Securities Trust, and the Miscellaneous General Trust.

In addition to the above trust funds under administration, the Department holds bank guarantees in the form of letters of credit and promissory notes in the amount of $23,737 (2006 - $27,260).

NOTE 11 DEFINED BENEFIT PLANS

(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $8,458* for the year ended March 31, 2007 (2006 – $7,791).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of $6,765 (2005 - $165,895) and the Public Service Pension Plan reported a surplus of $153,024 (2005 –deficiency of $187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of $3,698 (2005 - $10,018).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of $153 (2006 – deficiency of $8,699) and the Management, Opted Out and Excluded Plan an actuarial surplus of $10,148 (2006 - $8,309). The expense for these two plans is limited to employer's annual contributions for the year.

* Represents employers' annual contributions to MEPP, PSPP, and the Supplementary Retirement Plan, and related Fund for Public Service Managers.

NOTE 12 RESTATEMENT OF PRIOR YEARS

(in thousands)

Administrative costs for 2006 have been restated as if the Ministry of Sustainable Resource Development had always been assigned with its current responsibilities.

The costs ($4,195) of certain administrative functions are now the responsibility of the Department of Service Alberta. The Department of Service Alberta continues to provide the Ministry with the services related to these administrative functions, but no consideration is exchanged.

These changes resulted in the 2006 Net Operating Results increasing by $4,195 and the Net Transfer from General Revenues decreasing by $4,195.

NOTE 13 COMPARATIVE FIGURES

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Revenues

Year Ended March 31, 2007

Schedule 1

(in thousands)

	2007 Budget	2007 Actual	2006 Actual
Internal Government Transfers			
Allocation of Revenue to Environmental Protection and Enhancement Fund	$ (83,253)	$ (59,786)	$ (106,112)
Remission of Surplus from Environmental Protection and Enhancement Fund	70,998	51,479	95,169
	(12,255)	(8,307)	(10,943)
Transfers from the Government of Canada			
Various	4,093	5,905	5,241
Investment Income	15	21	30
Fees, Permits and Licences			
Timber Royalties and Fees	80,835	51,263	86,390
Land and Grazing	57,450	60,122	58,030
Other	10,675	10,127	9,075
	148,960	121,512	153,495
Other Revenue			
Refunds of Expenditure	3,747	1,105	11,178
Various	-	2,838	6,296
	3,747	3,943	17,474
	$ 144,560	$ 123,074	$ 165,297

Dedicated Revenue Initiatives

Year Ended March 31, 2007

Schedule 2

(in thousands)

	2007		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall) / Excess
Research from Fire Cost Recovery	$ 50	$ 50	$ -
Junior Forest Youth Program	300	466	166
National Forest Inventory	280	343	63
Hinton Training Centre	200	145	(55)
Smoky Lake Tree Improvement Centre	100	89	(11)
Spatial Data Warehouse	4,200	3,833	(367)
Public Lands	15,950	14,834	(1,116)
Fish and Wildlife	1,000	409	(591)
	$ 22,080	$ 20,169	$ (1,911)

Encana is making annual payments that began in 2005-06 and will continue until 2009-10 to support research programs for wildfire suppression. This payment is part of a claim settlement for wildfire suppression expenses.

Junior Forest Youth Employment Initiatives in Natural Resources are delivered by SRD in partnership with industry, communities, and other government departments to promote career opportunities for youth related to forestry and other natural resource fields. The initiatives include Junior Forest Rangers, Aboriginal Junior Forest Rangers and the newly developed Advanced Secondary Student Experience Training Program.

Federal funding is available to the province for its participation in the implementation of the National Forestry initiatives.

The Hinton Training Centre dedicated revenue initiative was established for the purpose of collecting revenue for room and board, for classroom utilization, and the sale of interactive fire compact discs for national and international studies.

The Smoky Lake Tree Improvement Centre dedicated revenue initiative was established for the purpose of updating the cadastral base maps and the management and distribution of them. The source of this dedicated revenue is a filing fee of $100 per survey plan filed at the Land Titles office.

Public Lands Management and Grazing Reserves dedicated revenues, from the collection of fees for various dispositions (such as grazing, surface, etc.), were established pursuant to the Public Lands Act to manage and administer decisions regarding planning for public lands allocated to an agricultural use.

The Fish and Wildlife dedicated revenue initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationship with other stakeholders.

Note: The dedicated revenues presented in this schedule are included in the Department's Statement of Operations.

Expenses – Directly Incurred Detailed by Object

Year Ended March 31, 2007

Schedule 3

(in thousands)

	2007 Budget	2007 Actual	2006 Actual restated (Note 12)
Voted			
Salaries, Wages and Employee Benefits	$ 128,740	$ 123,881	$ 117,881
Supplies and Services	66,623	62,130	54,284
Grants	17,065	261,427	112,284
Financial Transactions and Other	52	78	76
Consumption of Inventory	2,600	1,540	1,270
Amortization of Capital Assets	8,779	6,868	5,784
Total Voted Expense before Recoveries	223,859	455,924	291,579
Less Recovery from Support Service Arrangements with Related Parties (a)	-	-	(24)
	$ 223,859	$ 455,924	$ 291,555
Statutory			
Valuation Adjustments			
Provision for Recovery of Doubtful Accounts	655	(56)	327
Provision for Vacation Pay	400	526	891
	$ 1,055	$ 470	$ 1,218

(a) The Department provides financial and administrative services to the Ministry of Tourism, Recreation, Parks and Culture (formerly Community Development). Costs incurred by the Department for these services are recovered from the Ministry of Tourism, Recreation, Parks and Culture.

Budget

Year Ended March 31, 2007

Schedule 4

(in thousands)

	2006-2007 Estimates	Adjustment (a)	2006-2007 Budget	Authorized Supplementary (b)	2006-2007 Authorized Budget
Revenues (Schedules 1 and 2)					
Transfer to Environmental Protection and Enhancement Fund	$ (83,253)	$ -	$ (83,253)	$ -	$ (83,253)
Remission of Surplus from Environmental Protection and Enhancement Fund	70,998	-	70,998	-	70,998
Transfers from Government of Canada	4,093	-	4,093	-	4,093
Premiums, Fees, and Licenses	148,960	-	148,960	-	148,960
Investment income	15	-	15	-	15
Other Revenue	3,747	-	3,747	-	3,747
	144,560	-	144,560	-	144,560
Expenses - Directly Incurred:					
Voted Operating Expenses					
Ministry Support Services	9,987	-	9,987	-	9,987
Wildfire Management	65,397	-	65,397	201,503	266,900
Natural Resource and Public Land Management	139,442	-	139,442	48,600	188,042
Land, Access and Compensation Boards	9,033	-	9,033	-	9,033
Dedicated Revenue Shortfall (Schedule 2)	-	(1,911)	(1,911)	-	(1,911)
	223,859	(1,911)	221,948	250,103	472,051
Statutory Expenses					
Valuation Adjustments and Other Provisions					
Provision for Doubtful Accounts	665	-	665	-	665
Provisions for Vacation Pay	400	-	400	-	400
	1,055	-	1,055	-	1,055
Total Expenses	224,914	(1,911)	223,003	250,103	473,106
Gain (Loss) on Disposal of Tangible Capital Assets	4,000	-	4,000	-	4,000
Net Operating Results	$ (76,354)	$ 1,911	$ (74,443)	$ (250,103)	$ (324,546)
Equipment/Inventory Purchases (EIP)	$ 5,777	$ -	$ 5,777	$ -	$ 5,777
Capital Investment	$ 33,200	$ -	$ 33,200	$ -	$ 33,200

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual voted Operating / Equipment Inventory Purchases and Capital Investment in the prior year exceeded that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year.

(b) Supplementary Estimates were approved on September 8, 2006 and March 23, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

Department of Sustainable Resource Development

Comparison of Expenses – Directly Incurred, Equipment Inventory Purchases and Capital Investments and Statutory Expenses by Element to Authorized Budget

Year Ended March 31, 2007

Schedule 5

(in thousands)

Voted OP/EIP and Capital Investments	2006-2007 Estimates	Adjustments (a)	2006-2007 Budget	Authorized Supplementary (b)	2006-2007 Authorized Budget	2006-2007 Actual (c)	Unexpended (Over Expended)
Ministry Support Services							
1.0.1 Minister's Office	$ 403	$ -	$ 403	$ -	$ 403	$ 395	$ 8
1.0.2 Deputy Minister's Office	524	-	524	-	524	499	25
1.0.3 Communications							
- Operating	1,285	-	$1,285	-	1,285	973	312
- Equipment/Inventory Purchases	-	-	-	-	-	47	(47)
1.0.4 Human Resources							
- Operating	2,151	-	2,151	-	2,151	1,924	227
- Equipment/Inventory Purchases	-	-	-	-	-	130	(130)
1.0.5 Strategic Corporate Services							
- Operating	5,567	-	5,567	-	5,567	5,387	180
- Equipment/Inventory Purchases	40	-	40	-	40	90	(50)
1.0.6 Amortization of Capital Assets	57	-	57	-	57	78	(21)
	10,027	-	10,027	-	10,027	9,523	504
Wildfire Management							
2.0.1 Organizational Framework							
- Operating	41,266	-	41,266	(2,000)	39,266	52,966	(13,700)
- Equipment/Inventory Purchases	2,464	-	2,464	2,000	4,464	2,541	1,923
- Capital Investment	33,200	-	33,200	-	33,200	31,047	2,153
2.0.2 Wildfire Prevention Planning and Operations	2,200	-	2,200	-	2,200	235	1,965
2.0.3 Wildfire Operations	14,588	-	14,588	201,503	216,091	198,152	17,939
- Equipment/Inventory Purchases	1,389	-	1,389	-	1,389	629	760
2.0.4 Amortization of Capital Assets	7,343	-	7,343	-	7,343	6,089	1,254
	102,450	-	102,450	201,503	303,953	291,659	12,294
Natural Resource and Public Land Management							
3.0.1 Fish and Wildlife							
- Operating	48,743	-	48,743	2,100	50,843	52,195	(1,352)
- Equipment/Inventory Purchases	782	-	782	-	782	1,387	(605)
3.0.2 Public Lands and Forests							
- Operating	77,982	-	77,982	46,500	124,482	121,587	2,895
- Equipment/Inventory Purchases	1,102	-	1,102	-	1,102	2,530	(1,428)
Capital Investment	-	-	-	-	-	-	-
3.0.3 Strategic Forestry Initiatives							
- Operating	4,735	-	4,735	-	4,735	4,034	701
- Equipment/Inventory Purchases	-	-	-	-	-	-	-
3.0.4 Amortization of Capital Assets	3,982	-	3,982	-	3,982	2,239	1,743
3.0.5 Nominal Sum Disposals	4,000	-	4,000	-	4,000	-	4,000
	141,326	-	141,326	48,600	189,926	183,972	5,954
Land, Access and Compensation Boards							
4.1 Natural Resources Conservation Board	6,751	-	6,751	-	6,751	6,076	675
4.2 Surface Rights and Land Compensation Boards							
- Operating	2,282	-	2,282	-	2,282	3,093	(811)
- Equipment/Inventory Purchases	-	-	-	-	-	36	(36)
4.3 Amortization of Capital Assets	-	-	-	-	-	2	(2)
	9,033	-	9,033	-	9,033	9,207	(174)
Dedicated Revenue Shortfall	-	(1,911)	(1,911)	-	(1,911)	-	(1,911)
	$ 262,836	(1,911)	260,925	250,103	511,028	494,361	16,667
Operating Expense	$ 223,859	$ (1,911)	$ 221,948	$ 248,103	$ 470,051	$455,924	$ 14,127
Equipment/Inventory Purchases	5,777	-	5,777	2,000	7,777	7,390	387
	229,636	(1,911)	227,725	250,103	477,828	463,314	14,514
Capital Investment	33,200	-	33,200	-	33,200	31,047	2,153
	$ 262,836	$ (1,911)	$ 260,925	$ 250,103	$ 511,028	$494,361	$ 16,667
Statutory Expense							
- Valuation Adjustments	$ 1,055	-	1,055	-	1,055	470	585

(a) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that OP/EIP and Capital Investments in the prior year exceeded that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for voted OP/EIP and Capital Investment in the current year.

(b) Supplementary Estimates were approved on September 8, 2006 and on March 23, 2007. Treasury Board approval is pursuant to section 24(2) of the Financial Administration Act.

(c) Includes achievement bonus amounting to $1,812.

Salary and Benefits Disclosure

Year Ended March 31, 2007

Schedule 6

	2007				2006
	Base Salary [1]	Other Cash Benefits [2]	Other Non-Cash Benefits [3]	Total	
CURRENT EXECUTIVES					
Deputy Minister [4]	$ 206,000	$ 30,000	$ 44,804	$ 280,804	$ 275,514
Assistant Deputy Ministers					
Fish and Wildlife	150,948	16,000	28,865	195,813	186,378
Forestry [6]	167,724	39,853	5,475	213,052	197,807
Lands	156,876	27,000	36,012	219,888	203,419
Strategic Corporate Services [5][6]	155,074	25,164	36,392	216,630	196,971
Sustainable Resource & Environment Management [6]	134,916	31,141	31,991	198,048	125,985
Executive Directors					
Corporate Business Support	128,568	20,500	26,559	175,627	147,368
Human Resource Services	114,012	16,000	27,872	157,884	149,328

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Salary includes regular base pay.

(2) Other cash benefits include bonuses, vacation payments, and lump sum payments.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pensions and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in benefits and allowances.

(5) Two individuals held this position.

(6) Other cash benefits include vacation payments to the Assistant Deputy Minister, Forestry - $12,852, Assistant Deputy Minister, Sustainable Resource & Environment Management - $11,641 and the Assistant Deputy Minister, Strategic Corporate Services - $5,571.

Related Party Transactions

Year Ended March 31, 2007

Schedule 7

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2007	2006	2007	2006
				restated (Note 12)
Revenues:				
Grants	$ 51,479	$ 95,169	$ -	$ -
Fees and Charges	-	-	52	235
	$ 51,479	$ 95,169	$ 52	$ 235
Expenses - Directly Incurred				
Grants	$ 247,859	$ 104,301	$ 332	$ 161
Other Services	-	-	5,434	7,735
	$ 247,859	$ 104,301	$ 5,766	$ 7,896
Tangible Capital Assets Transferred	$ -	$ -	$ 106	$ 2,089
Receivable From	$ 52,291	$ 95,456	$ -	$ 12
Payable To	$ 61,349	$ 52,378	$ 89	$ 44

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these transactions were estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2007	2006	2007	2006
				restated (Note 12)
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 18,336	$ 17,551
Air Transportation	-	-	17	269
Legal	-	-	1,102	1,233
Administration Costs	-	-	4,379	4,195
	$ -	$ -	$ 23,834	$ 23,248

Allocated Costs

Year Ended March 31, 2007

Schedule 8

(in thousands)

Program	2007 Expenses (1)	Expenses – Incurred by Others: Accommodation Costs	Expenses – Incurred by Others: Administration Costs	Expenses – Incurred by Others: Air Transportation	Expenses – Incurred by Others: Legal Services	Valuation Adjustments: Vacation Pay	Valuation Adjustments: Doubtful Accounts	2007 Expenses	2006 Expenses restated (Note 12)
Ministry Support Services	$ 9,256	$ 899	$ 131	$ 14	$ 244	$ 3	$ 1	$ 10,548	$ 9,108
Wildfire Management	257,442	5,968	2,846	3	118	683	(332)	266,728	152,120
Natural Resource and Public Land Management	180,055	11,262	1,402	-	740	(182)	263	193,540	140,998
Land, Access & Compensation Boards	9,171	207	-	-	-	22	12	9,412	9,331
	$ 455,924	$ 18,336	$ 4,379	$ 17	$ 1,102	$ 526	$ (56)	$480,228	$ 311,557

(1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.

AUDITOR GENERAL
Alberta

Auditor's Report

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Environmental Protection and Enhancement Fund as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
June 6, 2007

Statement of Operations

Year Ended March 31, 2007

(in thousands)

	2007		2006
	Budget	Actual	Actual
Revenues			
Transfer from the Department of Sustainable Resource Development (Note 7)	$ 100,041	$ 301,569	$ 204,021
Investment Income	2,600	5,195	3,573
Other Revenue	1,450	1,185	1,522
	104,091	307,949	209,116
Expenses			
Environment Statutory Programs	3,725	2,066	3,457
Natural Resources Emergency Program			
Forest Fires	28,788	207,326	102,469
Forest Health Program	500	46,998	7,942
Intercept Feeding and Fencing	80	80	79
	33,093	256,470	113,947
Net Operating Results	$ 70,998	$ 51,479	$ 95,169

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

March 31, 2007

(in thousands)

	2007	2006
ASSETS		
Cash (Note 3)	$ 152,740	$ 201,458
Accounts Receivable (Note 4)	61,354	52,384
	$ 214,094	$ 253,842
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 61,289	$ 100,445
Unearned Revenue	2,805	3,397
	64,094	103,842
NET ASSETS		
Net Assets at Beginning of Year	150,000	150,000
Net Operating Results	51,479	95,169
Transfer to Department	(51,479)	(95,169)
Net Assets at End of Year (Note 6)	150,000	150,000
	$ 214,094	$ 253,842

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year Ended March 31, 2007

(in thousands)

	2007	2006
Operating Transactions		
Net Operating Results	$ 51,479	$ 95,169
Decrease (Increase) in Accounts Receivable	(8,970)	4,614
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(39,156)	43,615
(Decrease) Increase in Unearned Revenue	(592)	(1,265)
Cash Used by Operating Transactions	2,761	142,133
Financing Transactions		
Transfer to Department	(51,479)	(95,169)
Cash Provided by (Applied to) Financing Transactions	(51,479)	(95,169)
Net Cash Provided (Used)	(48,718)	46,964
Cash, Beginning of Year	201,458	154,494
Cash, End of Year	$ 152,740	$ 201,458

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the Environmental Protection and Enhancement Act (EPEA), Chapter E-12, Revised Statues of Alberta 2000.

The components of the Fund are:

Land Reclamation
Natural Resources Emergency Program

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Sustainable Resource Development (the Ministry). The Minister of Sustainable Resource Development is accountable for the Fund's financial administration. Other entities reporting to the Minister are the Department of Sustainable Resource Development and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry's Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Fund's operations.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values.

NOTE 3 CASH

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. At March 31, 2007, securities held by the CCITF have an effective market yield of 4.36% per annum (March 31, 2006, 3.95% per annum).

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2007	2006
Department of Sustainable Resource Development	$ 61,349	$ 52,378
Other	5	6
	$ 61,354	$ 52,384

NOTE 5 CONTRACTUAL OBLIGATIONS

(in thousands)

	2007	2006
Service Contracts	$ 59,236	$ 25,042
Long-term Leases	1,050	1,362
	$ 60,286	$ 26,404

The aggregate amounts payable for unexpired terms of these contractual obligations is as follows:

	Service Contract	Long-Term Leases	Total
2008	$ 23,567	$ 602	$ 24,169
2009	9,904	333	10,237
2010	6,881	103	6,984
2011	3,592	12	3,604
Thereafter	15,292	-	15,292
	$ 59,236	$ 1,050	$ 60,286

NOTE 6 NET ASSETS

(in thousands)

The Net Assets for the Fund are capped at $150,000 in accordance with Treasury Board decision.

NOTE 7 TRANSFER FROM THE DEPARTMENT

(in thousands)

The following revenue was received or is receivable from the Department of Sustainable Resource Development:

	2007	2006
Revenue in excess of Department's Base Revenue (a)	$ 59,786	$ 106,112
Fire Fighting Grant Revenue	-	3,098
Supplementary Estimate:		
Mountain Pine Beetle	46,457	7,440
Forest Fires	195,326	87,371
	$ 301,569	$ 204,021

(a) All revenue received by the Department (excluding Dedicated Revenue) that is in excess of the Department's base revenue of $51,482 (2006 - $51,482)

NOTE 8 SALARY AND BENEFIT DISCLOSURE

The province's salary and benefit disclosure requirements for the Executives are disclosed in the financial statements of the Department of Sustainable Resource Development.

NOTE 9 BUDGET FIGURES

The revenue and expenditure budget amounts disclosed in these financial statements agree with the 2006-2007 Government Estimates.

NOTE 10 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Expenses – Directly Incurred Detailed by Object

Year Ended March 31, 2007

Schedule 1

(in thousands)

	2007		2006
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 3,663	$ 32,298	$ 19,849
Supplies and Services	25,655	217,212	90,640
Grants	3,775	6,960	3,458
Total Expenses	$ 33,093	$ 256,470	$ 113,947

Related Party Transactions

Year Ended March 31, 2007

Schedule 2

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2007	2006	2007	2006
Revenues:				
Transfer from the Department	$ 59,786	$ 106,112	$ -	$ -
Grants from the Department	241,783	97,909	-	-
	$ 301,569	$ 204,021	$ -	$ -
Expenses - Directly Incurred				
Other Services	$ -	$ -	$ 2,066	$ 3,457
Receivable From	$ 61,349	$ 52,378	$ -	$ -
Payable To	$ 52,291	$ 95,456	$ -	$ 1,023

AUDITOR GENERAL *Alberta*

Auditor's Report

To the Members of the Natural Resources Conservation Board

I have audited the statement of financial position of the Natural Resources Conservation Board as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 9, 2007

Statement of Operations

For the Year Ended March 31, 2007

	2007		2006
	Budget	Actual	Actual
Revenues			
Transfer from the Department of Sustainable Resource Development	$ 6,751,000	$ 6,076,000	$ 6,392,000
Interest	10,000	191,963	118,335
Other	1,000	21,394	76,073
	6,762,000	6,289,357	6,586,408
Expenses			
Salaries and benefits	5,209,841	4,425,149	4,913,172
Travel	648,800	518,081	500,270
Office	377,659	445,659	352,365
Consulting services	378,800	201,416	301,489
Telecommunications	96,900	87,110	92,868
Amortization of capital assets	50,000	43,154	79,116
Advertising	33,000	36,095	43,887
	6,795,000	5,756,664	6,283,167
Net Operating Results	$ (33,000)	$ 532,693	$ 303,241

The accompanying notes and schedules of allocated costs are part of these financial statements.

Statement of Financial Position

As At March 31, 2007

	2007	2006
ASSETS		
Cash (Note 3)	$ 2,505,082	$ 1,974,722
Accounts Receivable	3,732	3,358
Current Assets	2,508,814	1,978,080
Capital Assets (Note 4)	160,086	159,276
	$ 2,668,900	$ 2,137,356
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Liabilities	$ 569,238	$ 570,387
Net assets at beginning of year	1,566,969	1,263,728
Net Operating results	532,693	303,241
Net Assets end of year	2,099,662	1,566,969
	$ 2,668,900	$ 2,137,356

The accompanying notes and schedule of allocated costs are part of these financial statements.

Statement of Cash Flows

For The Year Ended March 31, 2007

	2007	2006
Cash provided by:		
Operating Activities		
Net Operating Results	$ 532,693	$ 303,241
Non-Cash expense:		
Amortization of Capital Assets	43,154	79,116
	575,847	382,357
Changes in operating non-cash working capital		
Accounts Receivable	(374)	14,545
Accounts Payable and Accrued Liabilities	(1,149)	(47,068)
	574,324	349,834
Investing Activities		
Proceeds from sale of capital assets	14,738	
Acquisition of capital assets	(58,702)	(31,952)
	(43,964)	(31,952)
Net increase in cash during the year	530,360	317,882
Cash, beginning of year	1,974,722	1,656,840
Cash, end of year	$ 2,505,082	$ 1,974,722

The accompanying notes and schedule of allocated costs are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Natural Resources Conservation Board (the NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). The NRCB provides for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act*, Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependant on future events. As a result, the preparation of financial statements involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Capital Assets

Capital assets are recorded at cost. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer hardware	Straight line – 3 years
Computer software	Straight line – 2 to 3 years
Office equipment	Declining balance – 20% per year
Office furniture	Declining balance – 20% per year

(b) Pension Expense

Multi-Employer pension plans

Multi-employer defined benefit plans are accounted for as defined contribution plans.

(c) Revenue Recognition

Operating transfers are recorded as revenue in the years for which they are approved.

(d) Valuation of Financial Assets and Liabilities

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values.

NOTE 3 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund. The Fund is managed by the Province of Alberta to provide interest income at competitive rates to depositors while maintaining maximum security and liquidity of depositors' capital. The Fund is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. The average effective yield for fiscal 2007 was 4.36% (2006: 3.95%)

NOTE 4 CAPITAL ASSETS

Capital Assets are recorded at cost less accumulated amortization.

	2007			2006
	Cost	Accumulated Amortization	Net	Net
Computer hardware	308,546	263,373	45,173	17,515
Computer software	36,117	31,273	4,844	-
Office equipment	55,186	26,618	28,568	42,836
Office furniture	269,665	188,164	81,501	98,925
	$ 669,514	$ 509,428	$ 160,086	$ 159,276

NOTE 5 PENSION

The NRCB participates in the Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers which are government multi-employer pension plans. The expense for these pension plans aggregates $64,704 for the year ended March 31, 2007 (2006: $115,714).

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is $204,113 for the year ended March 31, 2007 (2006: $197,372). Pension expense comprises the cost of employer contributions for the current service of employees during the year.

NOTE 6 SALARIES AND BENEFITS

	2007				2006
	Base Salary	Other Cash Benefits [a]	Other Non-Cash Benefits [b]	Total	Total
Chair [c][d][e]	$ 95,357	17,049	21,899	$ 134,305	$ 158,124
Board Member 1 [e]	105,624	7,922	27,839	141,385	161,654
Board Member 2 [d]	79,224	5,942	20,737	105,903	162,013
Board Member 3 [d][e][f]	60,393	12,580	17,806	90,779	160,798
CEO [d][g]	151,839	21,343	32,106	205,288	98,318

(a) Other cash benefits include bonuses, health benefits, pension pay-in-lieu and vacation pay-in-lieu.
(b) Other non-cash benefits include the NRCB's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, pension and supplementary retirement plans, RRSP, health benefits, professional memberships, and WCB premiums. The NRCB is a participant in the Alberta Energy and Utilities Board (EUB) flexible health benefit plan.

(c) The Chair was appointed by Order in Council, O.C. 241/2006. The Chair receives an automobile allowance that is included in other non-cash benefits.
(d) The position was occupied by two individuals through the year.
(e) The position was changed from full-time to part-time effective April 01, 2006.
(f) The position was appointed by Order in Council, O.C. 601/2006.
(g) Position created on May 23, 2006.

NOTE 7 RELATED PARTY TRANSACTIONS

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements.

The NRCB received $6,076,000 (2006: $6,392,000) in net transfers from the Department of Sustainable Resource Development and $191,963 (2006: $118,335) in revenue from other Government of Alberta departments. During the year, the NRCB paid $50,538 (2006: $50,260) and received $14,738 to/from various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes $4,661 (2006: $3,768) as payable to various government entities.

In addition, the NRCB entered into the following transactions which are not reflected in the Statement of Operations:

Certain expenses for office space incurred on behalf of the NRCB by Alberta Infrastructure. These expenses amount to approximately $372,493 (2006: $365,639) and are reflected in the Schedule of Allocated Costs.

The NRCB has a Memorandum of Understanding (MOU) with the EUB to share resources on an ongoing basis and a Secondment Exchange Agreement (SEA) which expires on December 31, 2007. Under the MOU and SEA, the NRCB is both a service provider and a service recipient. As a service provider, the NRCB contributed $113,917 (2006: $33,606) in services to the EUB. As a service recipient, the NRCB received services from the EUB of $20,320 (2006: 19,902).

NOTE 8 COMPARATIVE FIGURES

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

NOTE 9 BUDGET

The budget was included in the 2006-07 Government Estimates. The budget was approved by the Board on August 22, 2006.

NOTE 10 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Chair and CEO.

Schedule of Allocated Costs

	2007				2006
		Expenses incurred by others			
AOPA and NRCBA Mandates	Expenses	Office Costs [1]	Shared Services [1]	Total Expenses	Total Expenses
Board [2]	$ 1,065,589	$ 68,950	$ 6,002	$ 1,140,541	$ 2,281,969
Operations [3]	4,691,075	303,543	14,318	5,008,936	4,386,739
	$ 5,756,664	$ 372,493	$ 20,320	$ 6,149,477	$ 6,668,708

(1) See Note 7, Related Party Transactions.

(2) Board comprises expenses related to AOPA appeals and NRCBA reviews, and agreements with the EUB shown in Note 7.

(3) Operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates. NRCBA applications include Hammerstone Quarry, Glacier Power Hydroelectric, Highwood Diversion Plan, past and potential projects, and agreements with the EUB shown in Note 7.

Unaudited Statement of Remissions, Compromises and Write-Offs

Year Ended March 31, 2007

The following statement has been prepared pursuant to Section 23 of the Financial Administration Act. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Remissions under Section 21 of the Financial Administration Act:		$ -
Compromises under Section 22 of the Financial Administration Act:		272,851.89
Write-offs:		
Departmental Accounts Payable	1,646,809.25	
Department Accounts Payable Credits	-	
Total write-offs		1,646,809.25
Total remissions, compromises and write-offs		$ 1,919,661.14

Alphabetical List of Entities' Financial Statements in Ministry 2006-07 Annual Reports

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Access to the Future Fund[1]	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund[2]	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation[3]	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
ATB Insurance Advisors Inc.[4]	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Credit Union Deposit Guarantee Corporation	Finance

[1] Established July 10, 2005.
[2] Proclaimed May 31, 2006.
[3] Incorporated December 16, 2005.
[4] Incorporated July 12, 2006.

Alphabetical List of Entities' Financial Statements in Ministry 2006-07 Annual Reports (Continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Colleges:	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Food	Agriculture and Food
Ministry of Children's Services	Children's Services
Ministry of Education	Education
Ministry of Employment, Immigration and Industry[5]	Employment, Immigration and Industry
Ministry of Energy	Energy
Ministry of Environment[5]	Environment
Ministry of Executive Council[5]	Executive Council
Ministry of Finance	Finance
Ministry of Health and Wellness	Health and Wellness
Ministry of Infrastructure and Transportation[5]	Infrastructure and Transportation
Ministry of International, Intergovernmental and Aboriginal Relations[5]	International, Intergovernmental and Aboriginal Relations
Ministry of Justice[5]	Justice
Ministry of Municipal Affairs and Housing	Municipal Affairs and Housing
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta[5]	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security

[5] Ministry includes only the departments so separate departmental financial statements are not necessary.

Alphabetical List of Entities' Financial Statements in Ministry 2006-07 Annual Reports (Continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board [5]	Treasury Board
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board[6]	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Regional Health Authorities and Provincial Health Boards:	Health and Wellness
Alberta Cancer Board	
Alberta Mental Health Board	
Aspen Regional Health Authority	
Calgary Health Region	
Capital Health	
Chinook Regional Health Authority	
David Thompson Regional Health Authority	
East Central Health	
Health Quality Council of Alberta[7]	
Northern Lights Health Region	
Peace Country Health	
Palliser Health Region	
Safety Codes Council	Municipal Affairs and Housing
School Boards and Charter Schools:	Education
Almadina School Society	
Aspen View Regional Division No. 19	
Aurora School Ltd.	
Battle River Regional Division No. 31	
Black Gold Regional Division No. 18	
Boyle Street Education Centre	
Buffalo Trail Public Schools Regional Division No. 28	
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	
CAPE-Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	
Christ the Redeemer Catholic Separate Regional Division No. 3	
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional Division No. 16	
East Central Francophone Education Region No. 3	
Edmonton Catholic Separate School District No. 7	

[5] Ministry includes only the departments so separate departmental financial statements are not necessary.

[6] Ceased operations June 30, 2006.

[7] Established July 1, 2006.

Alphabetical List of Entities' Financial Statements in Ministry 2006-07 Annual Reports (Continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Edmonton School District No. 7	
Elk Island Catholic Separate Regional Division No. 41	
Elk Island Public Schools Regional Division No. 14	
Evergreen Catholic Separate Regional Division No. 2	
FFCA Charter School Society	
Foothills School Division No. 38	
Fort McMurray Roman Catholic Separate School District No. 32	
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	
Greater Southern Public Francophone Education Region No. 4	
Greater Southern Separate Catholic Francophone Education Region No. 4	
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	

Alphabetical List of Entities' Financial Statements in Ministry 2006-07 Annual Reports (Continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Wild Rose School Division No. 66	
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance
Technical Institutes and The Banff Centre:	Advanced Education and Technology
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities:	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	*Ministry Annual Report*
Alberta Foundation for Health Research	Advanced Education and Technology
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Research	Advanced Education and Technology
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs and Housing
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Service Alberta
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Service Alberta
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs and Housing
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Employment, Immigration and Industry

Note to Readers:

Copies of the annual report are available on the Alberta Sustainable Resource Development website or by contacting:

Alberta Sustainable
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